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† ALSO ADMITTED IN NORTH CAROLINA

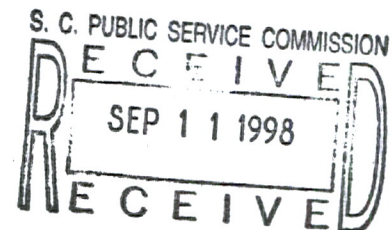


September 11, 1998

Mr. Gary E. Walsh  
Executive Director  
Public Service Commission of South Carolina  
Koger Executive Center, Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: The Other Phone Company, Inc. d/b/a  
Access One Communications  
Our File No. 15039.01

HAND DELIVERED



Dear Mr. Walsh:

Enclosed for filing please find the Application of The Other Phone Company, Inc. d/b/a Access One Communications for Authority to Provide Local and Long Distance Telecommunication Service within the State of South Carolina, for flexible regulation of its local exchange services, and for alternative regulation of its long distance business service offerings. An original and thirteen copies are included for filing. Please date-stamp the extra copies of the Application as proof of filing and return them with our courier.

If you have any questions, please have someone on your staff contact me.

Very truly yours,

ROBINSON, McFADDEN & MOORE, P.C.

*Bonnie D. Shealy*  
Bonnie D. Shealy

/bds

Enclosures

cc/enc: Ms. Connie Wightman  
Mr. Kevin Griffo

BEFORE THE

**PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

THE OTHER PHONE COMPANY, INC. )  
D/B/A ACCESS ONE COMMUNICATIONS )  
FOR A CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY TO PROVIDE LOCAL )  
EXCHANGE AND RESOLD LONG DISTANCE )  
TELECOMMUNICATIONS SERVICES AND FOR )  
FLEXIBLE REGULATION OF ITS LOCAL )  
EXCHANGE SERVICES AND ALTERNATIVE )  
REGULATION OF ITS LONG DISTANCE )  
BUSINESS SERVICE OFFERINGS )

DOCKET NO. 98-443-C

**APPLICATION OF THE OTHER PHONE COMPANY, INC.  
FOR AUTHORITY TO PROVIDE LOCAL EXCHANGE AND  
RESOLD LONG DISTANCE SERVICE**

The Other Phone Company, Inc. d/b/a Access One Communications ("Access One" or Applicant) pursuant to S.C. Code Ann. §58-9-280(B), as amended, and Section 253 of the Telecommunications Act of 1996, respectfully submits this Application for Authority to Provide Local Exchange Service and Resold Long Distance in the State of South Carolina. In addition, Access One requests that the Commission regulate its local telecommunications services in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. Pursuant to S.C. Code Ann. § 58-9-585 and the general regulatory authority of the Commission, Access One also requests that the Commission regulate its long distance business service offerings as described below in accordance with the principles and procedures established for alternative regulation in Orders No. 95-1734 and 96-55 in Docket No. 95-661-C.

Access One intends to offer service to both residential and business customers throughout the state. The Applicant will commence offering service immediately upon the granting of this application and the establishment of resale arrangements with the incumbent Local Exchange Carriers ("ILECS").

**POSTED**  
R/9-16-98

**ACCEPTED**  
Legal Wm 9/14/98

S. C. PUBLIC SERVICE COMMISSION  
**RECEIVED**  
SEP 11 1998

S. C. PUBLIC SERVICE COMMISSION  
**RECEIVED**  
SEP 16 1998  
UTILITIES DEPARTMENT

ACCEPTED FOR PROCESSING - 2019 December 10 9:17 AM - SCPSC - 1998-443-C - Page 2 of 115

Approval of this application will promote the public interest by increasing the level of competition within South Carolina. This competition will mandate that all exchange telecommunications providers will operate more efficiently, enabling the consumer to benefit via reduced rates.

In support of the Application, Access One respectfully states as follows:

1. The name and address of the Applicant are:

The Other Phone Company, Inc. d/b/a Access One Communications  
 4205 Vineland Road  
 Suite L15  
 Orlando, Florida 32811  
 Telephone: (407) 648-5230  
 Facsimile: (407) 648-5240

2. All correspondence, notices, inquiries and other communications regarding this application should be sent to:

Frank R. Ellerbe, III  
 Bonnie D. Shealy  
 Robinson, McFadden & Moore, P.C.  
 1901 Main Street, Suite 1500  
 Post Office Box 944  
 Columbia, South Carolina 29202  
 Telephone: (803) 779-8900  
 Facsimile: (803) 252-0724

3. Description of Applicant

Access One is a wholly owned subsidiary of CLEC Holding Corp. Access One was incorporated in the State of Florida on April 22, 1996. CLEC Holding Corp. was incorporated in New Jersey on October 22, 1991 under the name PRS Sub II Inc. Exhibit A contains a copy of Access One's articles of incorporation.

#### 4. Officers, Directors and Legal Counsel.

The following individuals serve as officers and directors of Access One and may be reached through the company's corporate office at 4205 Vineland Road, Suite L-15, Orlando, FL 32811.

#### **DIRECTORS**

Kenneth G. Baritz	Chairman
Kevin D. Griffo	Director

#### **OFFICERS**

Kenneth G. Baritz	Chief Executive Officer
Kevin D. Griffo	Chief Operating Officer and President
Elizabeth Stallings	Vice President - Finance and Administration

#### 5. Customer Service

Access One provides comprehensive customer service to its customers. Its customer service representatives are available to assist customers 24 hours per day, seven days per week. Customers can contact Access One Customer Services by calling (800) 547-7101. The toll free number is printed on customers' monthly billing statement. Alternatively, customers wishing to communicate with an Access One customer service representative in writing may send written correspondence to Access One at:

The Other Phone Company, Inc. d/b/a Access One Communications  
 ATTN: Vicky Santiago  
 4205 Vineland Road  
 Suite L-15.  
 Orlando, FL 32811

## 6. Authorization to Provide Services

Attached as Exhibit A is a copy of Access One's registration with the Office of the Secretary of State of South Carolina as a foreign corporation allowed to business within South Carolina.

## 7. Financial Ability

The Other Phone Company, Inc. ("Access One") has sufficient financial capability to provide the requested telecommunication services in South Carolina the financial capability to maintain these services, and the financial capability to meet its lease and ownership obligations. Attached as Exhibit B are the following financial documents to support Access One's financial capability:

1. Audited financial statements of CLEC Holding Corp. and Subsidiaries - CLEC Holding Corp. and Subsidiaries is the holding company for Access One. Access One makes up approximately 99% of CLEC Holding Corp.
2. Unaudited Balance Sheet of Access One as of January 31, 1998.
3. Unaudited Income Statement of Access One for three months ended January 31, 1998.

Access One has incurred normal start-up costs of entering the local exchange telecommunications market. As with most ventures, Access One expects profitability to be achieved within 12-18 months on entering a new market. Access One has the financial strength to absorb start-up losses. Some of Access One's highlights are:

- \* Current asset ratio of 1.39.%
- \* Cash & cash equivalents of \$1,640,242. The short term investment of \$1,500,000 was sold in

February 1998.

- \* Property, plant & equipment balance of \$117,884 which consists of the Company's investment in infrastructure to commence operations.
- \* Debt financing - 47%. Equity financing - 53%.
- \* Long term debt and lines of credit balance of \$1,623,498 with the ability to access additional sources of debt financing.
- \* Positive equity balance of \$2,153,375.
- \* Cash infusion by shareholders of \$2,254,651.
- \* Only 43% of the authorized shares have been issued. Thus, significant additional equity cash infusions will be made from the issuance of stock in the future.
- \* Net Income (Loss) Before Income Tax of (\$224,556) for the three months ended January 31, 1998. This loss consists of entering new markets. Access One is in the process of analyzing and streamlining its sales approach to the market and its underlying costs of providing service. A direct result of the streamlining will be a more effective way to provide comprehensive customer service and a reduction of the costs to provide the service.

The Company has established a strong team to support its venture into the telecommunications market. The Company has and will outsource business functions to obtain expertise and provide a financial and technical competitive advantage in the industry.

As noted in the analysis documented above, the Company has prepared prudently for its venture into the resold local exchange services market. The Company is positioning itself to add large amounts of revenue growth while keeping expenses under control. The Company has sufficient financial capability to provide the requested telecommunication services, sufficient financial



capability to meet all lease and ownership obligations, and sufficient financial capability to maintain a large Customer base.

8. Managerial and Technical Ability.

Exhibit C contains a brief overview of the managerial experience of Access One. The Company has managerial ability with a wealth of knowledge and day to day experience in the telecommunications industry that will allow it to be a successful competitive local exchange and toll provider. Access One is authorized to provide resold local service in Florida and is in the process of filing applications in the other states in the BellSouth Region. No application has been denied.

Access One has been providing quality telecommunications services to over 6000 customers throughout the State of Florida since 1996. The Company has a proven track record for providing high quality services and responsive customer service. Access One possesses all the necessary capabilities to operate as a provider of resold services and unbundled elements.

The Company intends to provide local exchange service in South Carolina as a reseller of the incumbent local exchange company's facilities. Its toll services will also be provided on a resale basis. As both a local and toll service reseller, the Company will rely on its facilities-based underlying carriers for the operation and maintenance of the local exchange and toll networks. The Company will use only reputable underlying carriers to ensure that high quality service is provided to customers. As a result of its operations in Florida, Access One has a great deal of knowledge on how the capabilities of an ILEC can be used by a CLEC and will be able to take full advantage of the resources, expertise and technical capabilities of its underlying carriers, the incumbent local

exchange carriers. Consequently, the quality of service that Access One's local exchange customers receive will be at least equivalent to that provided by these LECs. Access One does not plan to construct any new facilities in South Carolina.

Access One's services will satisfy the minimum standards established by the Commission. The Company will file and maintain tariffs in the manner prescribed by the Commission and will meet the minimum basic local standards, including quality of service and billing standards required of all LECs regulated by the Commission.

As the foregoing illustrates, Access One possesses considerable telecommunications expertise and is well-qualified to provide local exchange and long distance service in South Carolina.

#### 9. Proposed Service Territory.

Access One proposes to offer resale local exchange service within the present operating areas of BellSouth, GTE, and Sprint/United within South Carolina. Exhibit D contains the proposed tariff of Access One for local exchange and long distance resale within South Carolina.

#### 10. Public Interest and Need.

Approval of this application and Access One's proposed tariff will serve the public interest and offer several benefits to local customers in South Carolina. First and foremost, Access One will offer its customers the ability to have seamless service for local services as well as intrastate, interstate and international toll services.



The granting of Access One's application is consistent with S.C. Code Ann. § 58-9-280(B), as amended by 1996 Act No. 354, and, in that regard, Access One makes the following representations to the Commission:

- A. Applicant possesses the technical, financial, and managerial resources sufficient to provide the services requested;
- B. The provision of local service by Applicant will not adversely impact the availability of affordable local exchange service;
- C. Applicant's local services will meet the service standards required by the Commission;
- D. Applicant, to the extent it is required to do so by the Commission, will participate in the support of universally available telephone service at affordable rates; and,
- E. The provision of local service by Applicant will not adversely impact the public interest.

Access One's entry into the local market will not disadvantage any telephone service providers. Incumbent LEC's are presently serving nearly all of the local exchange customers in South Carolina. The history of long distance competition has demonstrated that as new entrants improved the price performance of service, consumers benefitted from a wider choice of service and options. The resulting reduced rates that competitive pressures brought to the market stimulated demand, resulting in growing revenues for both new entrants and established firms. Access One expects this same phenomena to affect local service over time, thus creating a larger market for all carriers. Therefore, the approval of Access One's application is clearly in the public interest.

## 11. Waivers and Regulatory Compliance

Access One requests that the Commission grant it a waiver of those regulatory requirements inapplicable to competitive local service resellers. Such rules are not appropriate for competitive providers and constitute an economic barrier to entry into the local exchange market.

A. Access One requests that it be exempt from any financial recording rules or regulations that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). As a competitive provider, Access One currently maintains its books and records in accordance with Generally Accepted Accounting Principles ("GAAP"). The use of GAAP is almost extensively utilized by interexchange carriers since USOA is not mandated by either the Commission or the FCC. Since Access One utilizes GAAP, the Commission will have a reliable method by which to evaluate Access One's operations. Therefore, Access One requests to be exempt from any and all USOA requirements of the Commission.

B. Access One requests that it not be required to publish local exchange directories. Access One will arrange with the LEC's, through the resale agreements signed by Access One, for the publishing of the Access One's customers in the LECS directory. It would be unnecessary burden on Access One to require that it publish and distribute its own directory to all customers located within each exchange area, since all of these customers will indirectly be customers of the LEC's.

C. Access One finally requests waivers of any reporting requirements which are not applicable to competitive providers such as Access One because such requirements (a) are not consistent with the demands of the competitive market; or (b) they constitute an undue burden on a competitive provider, thereby requiring an ineffective allocation of resources.

Access One reserves the right to seek any regulatory waivers which may be required for Access

One to compete effectively within the states local exchange resale market.

This Application demonstrates that Access One the technical, financial and managerial resources to provide local exchange service, on a resale basis, within South Carolina. The granting of this application will promote the public interest by increasing the level of competition in the telecommunications markets of the state. Competition of this nature will mandate that all local telecommunications providers will operate more efficiently and improve the overall service quality for consumers.

## 12. Flexible Regulation of Local Exchange Services

In Docket Number 97-467-C, the Commission approved a rate structure which incorporated maximum rate levels with the flexibility for adjustment below the maximum rate levels. The Commission determined that local tariff filings would be presumed valid upon filing, subject to the Commission's right within thirty days to institute an investigation of a tariff filing and that any such tariff filings would be subject to the same monitoring process as similarly situated competitive local exchange carriers. Access One submits that as a local exchange competitor it should be subject to regulatory constraints no greater than those imposed in the above mentioned docket. The Applicant requests that its local exchange service tariff filings be regulated under this form of flexible regulation.

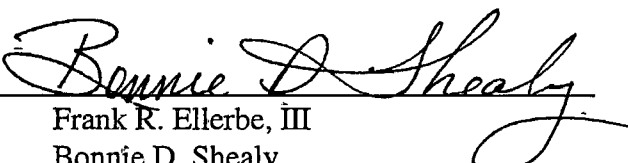
## 13. Alternative Regulation of Business Service Offerings

In Docket No. 95-661-C in response to a Petition for Alternative Regulation by AT&T Communications of the Southern States, the Commission determined that there was sufficient competition in the market for interexchange telecommunication services to justify a relaxation in the

manner in which AT&T was regulated. The Commission determined that AT&T was not required to file maximum rates for long distance business service offerings and that its tariffs be presumed valid upon filing, subject to the Commission's right within seven days to institute an investigation of the tariff filing. Access One submits that as a competitor of AT&T in the market for providing telecommunication services to customers it should be subject to no regulatory constraints greater than those imposed on AT&T. Access One requests that its interexchange business services offerings described in its proposed tariff be regulated under this form of relaxed regulation.

Wherefore, Access One respectfully petitions this Commission for authority to operate as a reseller of local exchange and long distance telecommunications services in the State of South Carolina in accordance with this application, for flexible regulatory treatment of its local exchange services, for alternative regulation of its long distance business service offerings, and for such other relief as it deems necessary and appropriate.

ROBINSON, McFADDEN & MOORE, P.C.

By   
 Frank R. Ellerbe, III  
 Bonnie D. Shealy  
 Post Office Box 944  
 Columbia, SC 29202  
 (803) 779-8900

Attorneys for The Other Phone Company, Inc., d/b/a Access  
 One Communications

Columbia, South Carolina

September 11, 1998.

**THE OTHER PHONE COMPANY, INC.**  
d/b/a  
**ACCESS ONE COMMUNICATIONS**

**SCHEDULE OF EXHIBITS**

Exhibit A	Articles of Incorporation/ Certificate of Authority
Exhibit B	Year End 1996 Financial Statements
Exhibit C	Resumes of Key Employees
Exhibit D	Proposed Tariff

**THE OTHER PHONE COMPANY, INC.**  
d/b/a  
**ACCESS ONE COMMUNICATIONS**

**EXHIBIT A**

Articles of Incorporation/Certificate of Authority



Department of State

I certify from the records of this office that OTHER PHONE COMPANY, INC., is a corporation organized under the laws of the State of Florida, filed on April 22, 1996.

The document number of this corporation is P96000034696.

I further certify that said corporation has paid all fees and penalties due this office through December 31, 1997, that its most recent annual report was filed on July 23, 1997, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this the  
Twenty-sixth day of August, 1997



CR2EO22 (2-95)

*Sandra B. Northam*

Sandra B. Northam  
Secretary of State



## ARTICLES OF INCORPORATION

OF

THE OTHER PHONE COMPANY, INC.

The undersigned, for the purpose of forming a corporation under the Florida General Corporation Act, adopts the following Articles of Incorporation.

### ARTICLE I

#### NAME OF CORPORATION

The name of the Corporation is THE OTHER PHONE COMPANY, INC. and its address is 6436 N.W. 53 ST. Lauderhill, Fl 33319, or such other place of business as shall be designated by the Board of Directors.

### ARTICLE II

#### PURPOSE

The general nature of the business and the objects and purposes proposed to be transacted and carried on are any and all activities or businesses permitted under the laws of the State of Florida or under the laws of the United States, and to engage in any other trade or business which can, in the opinion of the Board of Directors of the corporation, be advantageously carried on in connection with or auxiliary to the foregoing business or necessary or desirable in order to accomplish the foregoing.

### ARTICLE III

#### AUTHORIZED SHARES

The aggregate number of shares which the Corporation, is authorized to issue is 500. Such shares shall be of a single class and shall have a par value of One Dollar per share.

these articles of incorporation  
have been prepared by  
Anna Mae Walsh Burke, P.A.  
2601 East Oakland Park Blvd # 500  
Fort Lauderdale, Fl 33306

## ARTICLE IV

## DIRECTORS

The number of directors constituting the board of directors of the Corporation will be no more than two (2). The method of electing said directors is provided by the By-laws. The number of directors constituting the initial Board of Directors is one (1). The name and address of the person who is to serve as the initial Board of Directors is as follows:

John Murray, III  
6436 N.W. 53 St  
Lauderhill, Fl 33319

## ARTICLE V

## INDEMNIFICATION

The Corporation shall indemnify each director, officer, and shareholder of the Corporation against any and all liability and expenses incurred by him in connection with or arising out of any action, suit, or proceeding in which he may be involved, by reason of his being or having been an officer, director, or shareholder of the Corporation to the full extent permitted by the laws of the State of Florida.

## ARTICLE VI

## REGISTERED AGENT

In pursuance of Chapter 607.34 Florida Statutes, the following is submitted, in compliance with said act:

First, that THE OTHER PHONE COMPANY, INC. desiring to organize as a corporation under the laws of the State of Florida with its principle office, as indicated herewith in the articles of incorporation at 6436 N.W. 53 St, Lauderhill, Fl 33319. has named Anna Mae Walsh Burke, Esq., as its agent to accept service of process within this state.

The address of the Corporation's initial registered office is suite 500, ADAMS BUILDING. 2601 E. Oakland Park Blvd. Fort Lauderdale, Fl 33306.

## ARTICLE VII

The Corporation shall have perpetual existence.

## ARTICLE VIII

The name and address of the Incorporator is as follows: Anna Mae Walsh Burke, Esq.  
#500, 2601 E. Oakland Park Blvd, Fort Lauderdale, FL 33306..

Executed by the undersigned on April 18, 1995.

Anna Mae Walsh Burke  
Anna Mae Walsh Burke

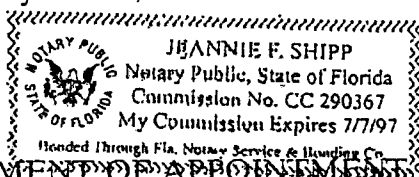
STATE OF FLORIDA  
COUNTY OF BROWARD

BEFORE ME, personally appeared Anna Mae Walsh Burke, to me well known to be the person described in and who subscribed the above Articles of Incorporation, and she freely and voluntarily acknowledged before me according to law that she made and subscribed the same for the uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 17<sup>th</sup> day of April, 1996. Personally Known.

Jeannie F. Shipp  
Notary Public, State of Florida

My Commission Expires:



ACKNOWLEDGEMENT OF APPOINTMENT OF REGISTERED AGENT

Having been named the registered agent of THE OTHER PHONE COMPANY, INC.. at the place designated in the foregoing Articles of Incorporation, I hereby accept the same and agree to act in this capacity, and agree to comply with the provisions of Florida law relative to keeping the registered office open.

Anna Mae Walsh Burke  
ANNA MAE WALSH BURKE

## CORPORATE BYLAWS

ARTICLE I. MEETINGS OF SHAREHOLDERS

Section 1. Annual Meeting. The annual shareholder meeting of the above named corporation will be held on the the 1st day of ~~August~~, of each year or at such other time and place as designated by the Board of Directors of the above named corporation provided that if said day falls on a Sunday or legal holiday, then the meeting will be held on the first business day thereafter. Business transacted at said meeting will include the election of directors of the above named corporation.

Section 2. Special Meetings. Special meetings of the shareholders will be held when directed by the President, Board of Directors, or the holders of not less than 10 percent of all the shares entitled to be cast on any issue proposed to be considered at the proposed special meeting; provided that said persons sign, date and deliver to the above named corporation one or more written demands for the meeting describing the purposes(s) for which it is to be held. A meeting requested by shareholders of the above named corporation will be called for a date not less than 10 nor more than 60 days after the request is made, unless the shareholders requesting the meeting designate a later date. The call for the meeting will be issued by the Secretary, unless the President, Board of Directors or shareholders requesting the meeting designate another person to do so.

Section 3. Place. Meetings of shareholders will be held at the principal place of business of the above named corporation or at such other place as is designated by the Board of Directors.

Section 4. Record Date and List of Shareholders. The Board of Directors of the above named corporation shall fix the record date; however, in no event may a record date fixed by the Board of Directors be a date prior to the date on which the resolution fixing the record date is adopted.

After fixing a record date for a meeting, the Secretary shall prepare an alphabetical list of the names of all the above named corporation's shareholders who are entitled to notice of a shareholders' meeting, arranged by voting group with the address of and the number and class and series, if any, of shares held by each. Said list shall be available for inspection in accordance with Florida Law.

Section 5. Notice. Written notice stating the place, day and hour of the meeting, and the purpose(s) for which said special meeting is called, will be delivered not less than 10 nor more than 60 days before the meeting, either personally or by first class mail, by or at the direction of the President, the Secretary or the officer or persons calling the meeting to each shareholder of record entitled to vote at such meeting. If mailed, such notice will be deemed to be effective when deposited in the United States mail and addressed to the shareholder at the shareholder's address as it appears on the stock transfer books of the above named corporation, with postage thereon prepaid.

The above named corporation shall notify each shareholder, entitled to a vote at the meeting, of the date, time and place of each annual and special shareholders' meeting no fewer than 10 or more than 60 days before the meeting date. Notice of a special meeting shall describe the purpose(s) for which the meeting is called. A shareholder may waive any notice required hereunder either before or after the date and time stated in the notice; however, the waiver must be in writing, signed by the shareholder entitled to the notice and be delivered to the above named corporation for inclusion in the minutes or filing in the corporate records.

Section 6. Notice of Adjourned Meeting. When a meeting is adjourned to another time or place, it will not be necessary to give any notice of the adjourned meeting provided that the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At such an adjourned meeting, any business may be transacted that might have been transacted on the original date of the meeting. If, however, a new record date for the adjourned meeting is made or is required, then, a notice of the adjourned meeting will be given on the new record date as provided in this Article to each shareholder of record entitled to notice of such meeting.

Section 7. Shareholder Quorum and Voting. A majority of the shares entitled to vote, represented in person or by proxy, will constitute a quorum at a meeting of shareholders.

If a quorum, as herein defined, is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter thereof will be the act of the

shareholders unless otherwise provided by law.

Section 8. Voting of Shares. Each outstanding share will be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

Section 9. Proxies. A shareholder may vote either in person or by proxy provided that any and all proxies are executed in writing by the shareholder or his duly authorized attorney-in-fact. No proxy will be valid after the duration of 11 months from the date thereof unless otherwise provided in the proxy.

Section 10. Action by Shareholders Without a Meeting. Any action required or permitted by law, these bylaws, or the Articles of Incorporation of the above named corporation to be taken at any annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, provided that the action is taken by the holders of outstanding stock of each voting group entitled to vote thereon having not less than the minimum number of votes with respect to each voting group that would be necessary to authorize or take such action at a meeting at which all voting groups and shares entitled to vote thereon were present and voted, as provided by law. The foregoing actions(s) shall be evidenced by written consents describing the action taken, dated and signed by approving shareholders having the requisite number of votes of each voting group entitled to vote thereon and delivered to the above named corporation in accordance with Florida Law. Within 10 days after obtaining such authorization by written consent, notice shall be given to those shareholders who have not consented in writing or who are not entitled to vote. Said notice shall fairly summarize the material features of the authorized action and if the action requires the providing of dissenters' rights, said notice will comply with the disclosure requirements pertaining to dissenters' rights of Florida Law.

## ARTICLE II. DIRECTORS

Section 1. Function. All corporate powers, business, and affairs will be exercised, managed and directed under the authority of the Board of Directors.

Section 2. Qualification. Directors must be natural persons of 18 years of age or older but need not be residents of this state and need not be shareholders of the above named corporation.

Section 3. Compensation. The Board of Directors will have authority to fix the compensation for directors of the above named corporation.

Section 4. Presumption of Assent. A director of the above named corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken will be presumed to have assented to the action taken unless such director votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest.

Section 5. Number. The above named corporation will have \_\_\_\_ director(s).

Section 6. Election and Term. Each person named in the Articles of Incorporation as a member of the initial Board of Directors will hold office until said directors will have been qualified and elected at the first annual meeting of shareholders, or until said directors earlier resignation, removal from office or death.

At the first annual meeting of shareholders and at each annual meeting thereafter, the shareholders will elect directors to hold office until the next annual meeting. Each director will hold office for a term for which said director is elected until said director's successor will have been qualified and elected, said director's prior resignation, said director's removal from office or said director's death.

Section 7. Vacancies. Any vacancy occurring in the Board of Directors will be filled by the affirmative vote of a majority of the shareholders or of the remaining directors even though less than a quorum of the Board of Directors. A director elected to fill a vacancy will hold office only until the next election of directors by the shareholders.

Section 8. Removal and Resignation of Directors. At a meeting of shareholders called expressly for that purpose, any director or the entire Board of Directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote at an election of directors.

A director may resign at any time by delivering written notice to the Board of Directors or its chairman or to the above named corporation by and through one of its officers. Such a resignation is effective when the notice is delivered unless a later effective



date is specified in said notice.

Section 9. Quorum and Voting. A majority of the number of directors fixed by these Bylaws shall constitute a quorum for the transaction of business. The act of a majority of the directors present at a meeting at which a quorum is present will be the act of the Board of Directors.

Section 10. Executive and Other Committees. A resolution, adopted by a majority of the full Board of Directors, may designate from among its members an executive committee and/or other committee(s) which will have and may exercise all the authority of the Board of Directors to the extent provided in such resolution, except as is provided by law. Each committee must have two or more members who serve at the pleasure of the Board of Directors. The board may, by resolution adopted by a majority of the full Board of Directors, designate one or more directors as alternate members of any such committee who may act in the place and instead of any absent member or members at any meeting of such committee.

Section 11. Place of Meeting. Special or regular meetings of the Board of Directors will be held within or without the State of Florida.

Section 12. Notice, Time and Call of Meetings. Regular meetings of the Board of Directors will be held without notice on such dates as are designated by the Board of Directors. Written notice of the time and place of special meetings of the Board of Directors will be given to each director by either personal delivery, telegram or cablegram at least two (2) days before the meeting or by notice mailed to the director at least five (5) days before the meeting.

Notice of a meeting of the Board of Directors need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance of a director at a meeting will constitute a waiver of notice of such meeting and waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

Neither the business to be transacted nor the purpose of, regular or special meetings of the Board of Directors need be specified in the

notice or waiver of notice of such meeting.

A majority of the directors present, whether or not a quorum exists, may adjourn any meeting of the Board of Directors to another time and place. Notice of any such adjourned meeting will be given to the directors who were not present at the time of the adjournment.

Meetings of the Board of Directors may be called by the Chairman of the Board, the President of the above named corporation or any two directors.

Members of the Board of Directors may participate in a meeting of such board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 13. Action Without a Meeting. Any action required to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action to be so taken, signed by all the directors, or all the members of the committee, as the case may be, is filed in the minutes of the proceedings of the board or of the committee. Such consent will have the same effect as a unanimous vote.

### ARTICLE III. OFFICERS

Section 1. Officers. The officers of the above named corporation will consist of a president, a vice president, a secretary and a treasurer, each of whom will be elected by the Board of Directors. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors from time to time. Any two or more offices may be held by the same person.

Section 2. Duties. The officers of the above named corporation will have the following duties:

The President will be the chief executive officer of the above named corporation, who generally and actively manages the business and affairs of the above named corporation subject to the directions of the Board of Directors. Said officer will preside at all meetings of the shareholders and Board of Directors.

The Vice President will, in the event of the absence or inability of the President to exercise his office, become acting president of

the organization with all the rights, privileges and powers as if said person had been duly elected president.

The Secretary will have custody of, and maintain all of the corporate records except the financial records. Furthermore, said person will record the minutes of all meetings of the shareholders and Board of Directors, send all notices of meetings and perform such other duties as may be prescribed by the Board of Directors or the President. Furthermore, said officer shall be responsible for authenticating records of the above named corporation.

The Treasurer shall retain custody of all corporate funds and financial records, maintain full and accurate accounts of receipts and disbursements and render accounts thereof at the annual meetings of shareholders and whenever else required by the Board of Directors or the President, and perform such other duties as may be prescribed by the Board of Directors or the President.

Section 3. Removal and Resignation of Officers. An officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in the Board's judgment the best interests of the above named corporation will be served thereby.

Any officer may resign at any time by delivering notice to the above named corporation. Said resignation is effective upon delivery unless the notice specifies a later effective date.

Any vacancy in any office may be filled by the Board of Directors.

#### ARTICLE IV. STOCK CERTIFICATES

Section 1. Issuance. Every holder of share(s) in the above named corporation will be entitled to have a certificate representing all share(s) to which he is holder. No certificate representing share(s) will be issued until such share(s) is/are fully paid.

Section 2. Form. Certificates representing share(s) in the above named corporation will be signed by the President or Vice President and the Secretary or an Assistant Secretary and will be sealed with the seal of the above named corporation.

Section 3. Transfer of Stock. The above named corporation will register a stock certificate presented for transfer if the certificate is properly endorsed by the holder of record or by his duly authorized agent.

Section 4. Lost, Stolen, or Destroyed Certificates. If a

shareholder claims that a stock certificate representing shares issued and recorded by the above named corporation has been lost or destroyed, a new certificate will be issued to said shareholder, provided that said shareholder presents an affidavit claiming the certificate of stock to be lost, stolen or destroyed. At the discretion of the Board of Directors, said shareholder may be required to deposit a bond or other indemnity in such amount and with such sureties, if any, as the board may require.

#### ARTICLE V. BOOKS AND RECORDS

Section 1. Books and Records. The above named corporation shall keep as permanent records minutes of all meetings of its shareholders and Board of Directors, a record of all actions taken by the shareholders or Board of Directors without a meeting, and a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the above named corporation. Furthermore, the above named corporation shall maintain accurate accounting records. Furthermore, the above named corporation shall maintain the following:

- (i) a record of its shareholders in a form that permits preparation of a list of the names and addresses of all shareholders in alphabetical order by class of shares showing the number and series of shares held by each;
- (ii) The above named corporation's Articles or Restated Articles of Incorporation and all amendments thereto currently in effect;
- (iii) The above named corporation's Bylaws or Restated Bylaws and all amendments thereto currently in effect;
- (iv) Resolutions adopted by the Board of Directors creating one or more classes or series of shares and fixing their relative rights, preferences and limitations if shares issued pursuant to those resolutions are outstanding;
- (v) The minutes of all shareholders' meetings and records of all actions taken by shareholders without a meeting for the past 3 years;
- (vi) Written communications to all shareholders generally or all shareholders of a class or series within the past 3 years including the financial statements furnished for the past 3 years to shareholders as may be required under Florida Law;
- (vii) A list of the names and business street addresses of the above named corporation's current directors and officers; and

(viii) A copy of the above named corporation's most recent annual report delivered to the Department of State.

Any books, records and minutes may be in written form or in any other form capable of being converted into written form.

Section 2. Shareholder's Inspection Rights. A shareholder of the above named corporation (including a beneficial owner whose shares are held in a voting trust or a nominee on behalf of a beneficial owner) may inspect and copy, during regular business hours at the above named corporation's principal office, any of the corporate records required to be kept pursuant to Section 1, of this Article of these Bylaws, if said shareholder gives the above named corporation written notice of such demand at least 5 business days before the date on which the shareholder wishes to inspect and copy. The foregoing right of inspection is subject however to such other restrictions as are applicable under Florida Law, including, but not limited to, the inspection of certain records being permitted only if the demand for inspection is made in good faith and for a proper purpose (as well as the shareholder describing with reasonable particularity the purpose and records desired to be inspected and such records are directly connected with the purpose).

Section 3. Financial Information. Unless modified by resolution of the shareholders within 120 days of the close of each fiscal year, the above named corporation shall furnish the shareholders annual financial statements which may be consolidated or combined statements of the above named corporation and one or more of its subsidiaries as appropriate, that include a balance sheet as of the end of the fiscal year, an income statement for that year, and a statement of cash flow for that year. If financial statements are prepared on the basis of generally accepted accounting principles, the annual financial statements must also be prepared on that basis. If the annual financial statements are reported on by a public accountant, said accountant's report shall accompany said statements. If said annual financial statements are not reported on by a public accountant, then the statements shall be accompanied by a statement of the president or the person responsible for the above named corporation's accounting records (a) stating his reasonable belief whether the statements were prepared on the basis of generally accepted accounting principles and if not, describing the basis of preparation; and (b) describing any

respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year. The annual financial statements shall be mailed to each shareholder of the above named corporation within 120 days after the close of each fiscal year or within such additional time as is reasonably necessary to enable the above named corporation to prepare same, if, for reasons beyond the above named corporation's control, said annual financial statement cannot be prepared within the prescribed period.

Section 4. Other Reports to Shareholders. The above named corporation shall report any indemnification or advanced expenses to any director, officer, employee, or agent (for indemnification relating to litigation or threatened litigation) in writing to the shareholders with or before the notice of the next shareholders' meeting, or prior to such meeting if the indemnification or advance occurs after the giving of such notice but prior to the time such meeting is held, which report shall include a statement specifying the persons paid, the amounts paid, and the nature and status, at the time of such payment, of the litigation or threatened litigation.

Additionally, if the corporation issues or authorizes the issuance of shares for promises to render services in the future, the above named corporation shall report in writing to the shareholders the number of shares authorized or issued and the consideration received by the above named corporation, with or before the notice of the next shareholders' meeting.

#### ARTICLE VI. DIVIDENDS

The Board of Directors of the above named corporation may, from time to time declare dividends on its shares in cash, property or its own shares, except when the above named corporation is insolvent or when the payment thereof would render the above named corporation insolvent, subject to Florida Law.

#### ARTICLE VII. CORPORATE SEAL

The Board of Directors will provide a corporate seal which will be in circular form embossing in nature and stating "Corporate Seal", "Florida", year of above named incorporation and name of said above named corporation.

#### ARTICLE VIII. AMENDMENT

These Bylaws may be altered, amended or repealed, and altered,

amended or new Bylaws may be adopted by a majority vote of the full Board of Directors.

ARTICLE IX. CORPORATE INDEMNIFICATION PLAN

The above named corporation shall indemnify any person:

(1) Who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by, or in the right of, the above named corporation) by reason of the fact that he is or was a director, officer, employee, or agent of the above named corporation or is or was serving at the request of the above named corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against such costs and expenses, and to the extent and in the manner provided under Florida Law.

(2) Who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action or suit by or in the right of the above named corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the above named corporation or is or was serving at the request of the above named corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against such costs and expenses, and to the extent and in the manner provided under Florida Law.

The extent, amount, and eligibility for the indemnification provided herein will be made by the Board of Directors. Said determinations will be made by a majority vote to a quorum consisting of directors who were not parties to such action, suit, or proceeding or by the shareholders by a majority vote of a quorum consisting of shareholders who were not parties to such action, suit, or proceeding.

The above named corporation will have the power to make further indemnification as provided under Florida Law except to indemnify any person against gross negligence or willful misconduct.

The above named corporation is further authorized to purchase and maintain insurance for indemnification of any person as provided herein and to the extent provided under Florida Law.



# *The State of South Carolina*



## *Office of Secretary of State Jim Miles* **Certificate of Authorization**

**I, Jim Miles, Secretary of State of South Carolina Hereby certify that:**

***OTHER PHONE COMPANY, INC. THE,***  
a corporation duly organized under the laws of the state of **FLORIDA**  
and issued a certificate of authority to transact business in South Carolina on  
**April 20th, 1998**, has on the date hereof filed all reports due this office, paid all  
fees, taxes and penalties owed to the Secretary of State, that the Secretary of State  
has not mailed notice to the Corporation that its authority to transact business in  
South Carolina is subject to being revoked pursuant to Section 33-15-310 of the 1976  
South Carolina Code, and no application for surrender of authority to do business in  
South Carolina has been filed in this office as of the date hereof.

Given under my Hand and the Great Seal of  
the State of South Carolina this 21st day of  
April, 1998.

A handwritten signature of Jim Miles in cursive script, written over a horizontal line.

Jim Miles, Secretary of State



*Back 1 Page 781*

## **SOUTH CAROLINA**

### **CORPORATE ASSUMED NAME REGISTRATION**

Copyright 1996 CORPORATION SERVICE COMPANY  
1013 Centre Road, Wilmington, Delaware 19805 - (302) 998-0595  
(Intended for use by members of the Bar only)

#### **Explicit statutory authority, if any**

#### **Related or indirect statutory or case authority or practice and comments**

Section 39-13-10, Code of Laws, S.C., 1976, require all mercantile and industrial establishments, other than lawfully chartered corporations and individuals conducting their business under and in their individual names, and having a place of business in South Carolina, to register and to display a sign at place of business. CSC representative states that it would appear there is some support for holding that corporations should register, and that some do. Cf. 190 S.C. 367 to effect that judgment against corporation in trade name is binding on the corporation.

For the authority of a foreign corporation to qualify under a fictitious name in the event that its true name is not available because of a conflict, see Section 33-15-106 of the South Carolina Business Corporation Act of 1988, and the South Carolina Foreign Corporation Qualification Outline which CSC distributes to Counsel.

#### **Procedure**

File notice with Clerk of Court in county in which the principal place of business is and display sign at place of business.

#### **Approximate Disbursements**

Clerk of Court - varies according to county.

Back 1 page 782

STATE OF FLORIDA. )  
 )  
 COUNTY OF BROWARD )

## NOTICE OF USE OF TRADE NAME

NOTICE IS HEREBY GIVEN, pursuant to Section 39-13-10, Code of  
 Laws of South Carolina, 1976, that The Other Phone Company, Inc.

a corporation incorporated under the laws of Florida

[and authorized to do business as a foreign corporation in South Carolina], and having

its principal place of business in South Carolina at 2019 Park Street, Columbia 29201

[intends to] ~~use~~ conduct its business in South Carolina under the trade name and style

of: "Access One Communications"

WITNESS the hand and seal of the corporation by Liz Stallings

, its Vice President

, and by

this 11 day of June, 1998

THE OTHER PHONE COMPANY, INC.  
 [NAME OF CORPORATION]

By: Liz Stallings Liz Stallings  
 Its Vice President

By: \_\_\_\_\_  
 Its \_\_\_\_\_

Signed, Sealed and Delivered

in the Presence of:

Jarl Allen

STATE OF FLORIDA )  
 )  
 COUNTY OF BROWARD)

*Book 1 page 783*

PERSONALLY appeared before me *Liz Stallings*

and made oath that he saw the within named *The Other Phone Company, Inc*  
 by its *Vice President*

and sign, affix the corporate seal, and as the act and deed of the said  
 corporation deliver the within written Notice of Use of Trade Name and that ~~she~~ with  
 witnessed the execution thereof.

SWORN to and Subscribed before

me this *11* day of *June*, 19 *98*

*Deborah L Mullen* (L.S.)  
 Notary Public For  
 My Commission Expires



DEBORAH L. MULLEN  
 My Commission CC542411  
 Expires Oct. 08, 1999

8090PG1077

## CERTIFICATE OF ASSUMED NAME

To the Register of Deeds  
County of Wake

Wake The undersigned corporation, proposing to engage in business in  
County, North Carolina under an assumed name other than its corporate name,  
hereby certifies that:

- (1) The name under which the business is to be conducted is Access  
One Communications
- (2) The name and address of the owner of such business is The Other  
Phone Company, Inc., 3427 NW 55<sup>th</sup> Street,  
Ft. Lauderdale, Florida 33309

IN WITNESS WHEREOF, this certificate is signed in the name of the  
corporation by its vice president and secretary this \_\_\_\_\_ day  
of June 11, 1998.

The Other Phone Company, Inc.  
(Name of Corporation)

By Elizabeth Stulting  
(Vice) President

Attest Jan Allen  
(Assistant) Secretary

[affix corporate  
seal]

WAKE COUNTY  
REGISTER OF DEEDS  
LARRY L. ANDERSON

00780 98 JUN 26 PM 3:46

PRESENTED  
FOR  
REGISTRATION

NC BC DEFICITIOUS NAME CERTIFICATE 07/94-1

BK 90PG1-078

STATE OF FLORIDA )  
COUNTY OF BROWARD ) SS.:

This 11<sup>th</sup> day of June, 1998, personally came before me, \_\_\_\_\_, Notary Public for said County and State, Liz Stallings, who, being by me duly sworn, says that she is vice president of the Other Phone Company, Inc., a corporation, and that the seal affixed to the foregoing instrument in writing is the corporate seal of said company, and that said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said vice president acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official seal, this the 11 day of June, 1998.



DEBORAH L. MULLEN  
My Commission CC542411  
Expires Oct. 08, 1999

Deborah L. Mullen  
Notary Public

(Official Seal)

My commission expires Oct 8, 1999

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate of \_\_\_\_\_

Deborah L. Mullen

Notar(y)(ies) Public

is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

LAURA M. RIDDICK, Register of Deeds

By \_\_\_\_\_

Cynthia A.  
Asst/Deputy Register of Deeds

**THE OTHER PHONE COMPANY, INC.**  
d/b/a  
**ACCESS ONE COMMUNICATIONS**

**EXHIBIT B**

Financial Statements



**The Other Phone Company, Inc.**  
**Statement of Financial Capability**

The purpose of this document is to highlight the financial strengths of the Company and serve as the Company's Statement of Financial Capability.

The Other Phone Company, Inc. ("OPC") has sufficient financial capability to provide the requested telecommunication services in [State], the financial capability to maintain these services, and the financial capability to meet its lease and ownership obligations. Attached are the following financial documents to support OPC's financial capability:

1. Audited financial statements of CLEC Holding Corp. and Subsidiaries - CLEC Holding Corp. and Subsidiaries is the holding company for OPC. OPC makes up approximately 99% of CLEC Holding Corp.
2. Unaudited Income Statement of OPC for three months ended January 31, 1998.

OPC has incurred normal start-up costs of entering the local exchange telecommunications market. As with most ventures, OPC expects profitability to be achieved within 12-18 months on entering a new market. OPC has the financial strength to absorb start-up losses. Some of OPC's highlights are:

- \* Current asset ratio of 1.39.%
- \* Cash & cash equivalents of \$1,640,242. The short term investment of \$1,500,000 was sold in February 1998.
- \* Property, plant & equipment balance of \$117,884 which consists of the Company's investment in infrastructure to commence operations.
- \* Debt financing - 47%. Equity financing - 53%.
- \* Long term debt and lines of credit balance of \$1,623,498 with the ability to access additional sources of debt financing.
- \* Positive equity balance of \$2,153,375.
- \* Cash infusion by shareholders of \$2,254,651.
- \* Only 43% of the authorized shares have been issued. Thus, significant additional equity cash infusions will be made from the issuance of stock in the future.
- \* Net Income (Loss) Before Income Tax of (\$224,556) for the three months ended January 31, 1998. This loss consists of entering new markets. OPC is in the process of analyzing and streamlining its sales approach to the market and its underlying costs of providing service. A direct result of the streamlining will be a more effective way to provide comprehensive customer service and a reduction of the costs to provide the service.

The Company has established a strong team to support its venture into the telecommunications market. The Company has and will outsource business functions to obtain expertise and provide a financial and technical competitive advantage in the industry.

#### Summary

As noted in the analysis documented above, the Company has prepared prudently for its venture into the resold local exchange services market. The Company is positioning itself to add large amounts of revenue growth while keeping expenses under control. The Company has sufficient financial capability to provide the requested telecommunication services, sufficient financial capability to meet all lease and ownership obligations, and sufficient financial capability to maintain a large Customer base.

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3. Unaudited Income Statement of OPC for three months ended January 31, 1998.

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THE OTHER PHONE COMPANY, INC.  
BALANCE SHEET  
January 31, 1998

ASSETS

CURRENT ASSETS

Checking Account	\$	35,540.67
BLOCKED ACCOUNT (RFC)		14,325.41
PETTY CASH		252.00
Prepaid Insurance		7,647.07
Prepaid Billing Fees		(303.99)
Prepaid Commissions		6,391.71
Prepaid Finance Cost		30,273.00
Deferred Marketing Expenses		229,972.07
Undeposited Cash		(1,419.17)
Cash Transfers		100.00
Accounts Receivable		938,497.60
A/R - Equipment Lease - CHS		17,080.15
Allowance for Bad Debt		(27,040.50)
Allowance for Discounts		(55,541.43)
		<u>                    </u>

TOTAL CURRENT ASSETS \$ 1,195,774.59

PROPERTY AND EQUIPMENT

Furniture & Fixtures	\$	61,518.00
Computer Equip.		97,213.33
Office Equipment		15,642.44
Payphones		32,296.53
Accumulated Depreciation		(49,862.00)
		<u>                    </u>

TOTAL PROPERTY AND EQUIPMENT \$ 156,808.30

OTHER ASSETS

Billing Software	\$	20,175.00
Accum Amort.		(2,208.06)
Refundable Security Deposits		3,673.94
		<u>                    </u>

TOTAL OTHER ASSETS \$ 21,640.88

TOTAL ASSETS \$ 1,374,223.77  
=====

THE OTHER PHONE COMPANY, INC.  
BALANCE SHEET  
January 31, 1998

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	615,256.04
Accrued Expenses		6,250.00
Interest Payable		1,458.00
Interco Payable - CLEC		139,191.34
Payroll Payable		9,872.88
Employee Health Ins Payable		472.50
Customer Security Deposits		493.64
Taxes payable on sales		80,243.59
PAYROLL TAXES PAYABLE		<u>3,221.54</u>

TOTAL CURRENT LIABILITIES \$ 856,459.53

NON-CURRENT LIABILITIES

N/P NATIONS BANK - L.O.C.	\$	0.01
N/P Receivables Funding		<u>684,235.15</u>

TOTAL NON-CURRENT LIABILITIES \$ 684,235.16

EQUITY

Common Stock	\$	500.00
Paid-In-Capital		22,164.92
Retained Earnings		143,813.38
NET INCOME (LOSS)		<u>(332,949.22)</u>

TOTAL EQUITY \$ (166,470.92)

TOTAL LIABILITIES AND EQUITY \$ 1,374,223.77  
=====

CLEC HOLDING CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT

YEAR ENDED OCTOBER 31, 1997

## CLEC HOLDING CORP. AND SUBSIDIARIES

Year Ended October 31, 1997

C O N T E N T S

	<u>Reference</u>	<u>Page</u>
Independent Auditor's Report		1
Consolidated Balance Sheet	Exhibit A	2
Consolidated Statement of Operations	Exhibit B	3
Consolidated Statement of Stockholders' Equity	Exhibit C	4
Consolidated Statement of Cash Flows	Exhibit D	5
Notes to Consolidated Financial Statements		6-15



*Certified Public Accountants* CONSUMERS 11/3/98

## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders  
CLEC Holding Corp. and Subsidiaries  
Roseland, New Jersey

We have audited the accompanying consolidated balance sheet of **CLEC HOLDING CORP. AND SUBSIDIARIES** as of October 31, 1997, and the related consolidated statements of operations and stockholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **CLEC HOLDING CORP. AND SUBSIDIARIES** as of October 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

*Blackman Kallick Bartelstein, LLP*

Chicago, Illinois  
February 18, 1998

A member firm of the **DLB** network

Blackman Kallick Bartelstein, LLP

11/3/98 11:30 AM Page 03 Page 03/03/98 11:30 AM 11/3/98 11:30 AM 11/3/98 11:30 AM

CONSOLIDATED BALANCE SHEET FOLLOWS



CLEC HOLDING CORP. AND SUBSIDIARIES

Consolidated Balance Sheet

October 31, 1997

ASSETS

Current Assets

Cash	\$ 140,242
Investment securities (Note 3)	1,500,000
Receivables	
Customers (Net of allowance for doubtful accounts of \$29,361)	387,152
Other	16,041
Prepaid expenses and other	39,470
Deferred line installation costs, net (Note 5)	<u>94,334</u>
Total Current Assets	2,177,239

Equipment (Net of accumulated depreciation and amortization) (Note 4)	117,884
--------------------------------------------------------------------------	---------

Other Assets - Goodwill (Net of accumulated amortization of \$18,135)	<u>1,953,623</u>
--------------------------------------------------------------------------	------------------

\$ 4,248,746

The accompanying notes are an integral part of the consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY**Current Liabilities**

Short-term borrowings	
Bank (Note 6)	\$ 250,000
Related parties (Note 7)	749,521
Long-term debt due within one year (Note 8)	213,748
Accounts payable	304,109
Accrued expenses	<u>54,318</u>

Total Current Liabilities 1,571,696

Long-Term Debt (Net of portion included in current liabilities)  
(Note 8)

410,229

Total Liabilities

1,981,925

Minority Interest

113,446

**Stockholders' Equity (Deficit)**

Common stock - \$ 001 par value authorized - 25,000,000 shares, issued and outstanding - 10,715,000 shares (Notes 3 and 13)	10,715
Additional paid-in capital	2,243,936
Accumulated deficit	<u>(101,276)</u>

Total Stockholders' Equity

2,153,375

\$ 4,248,746

## CLEC HOLDING CORP. AND SUBSIDIARIES

## Consolidated Statement of Operations

Year Ended October 31, 1997

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Revenue	\$ 479,516
Cost of Service	<u>347,683</u>
Gross Profit	<u>131,833</u>
Operating Expenses	
Selling	33,163
Administrative	<u>184,716</u>
Total Operating Expenses	<u>217,879</u>
Loss from Operations	<u>(86,046)</u>
Other Expense (Income)	
Interest expense	16,471
Other income	<u>(99)</u>
Total Other Expense, Net	<u>16,372</u>
Loss before Minority Interest in Loss of Consolidated Subsidiary	(102,418)
Minority Interest in Loss of Consolidated Subsidiary	<u>1,142</u>
Net Loss	\$ <u>(101,276)</u>
Average Shares Outstanding	<u>3,229,460</u>
Loss Per Share	<u>\$(.031)</u>

The accompanying notes are an integral part of the consolidated financial statements.

## CLEC HOLDING CORP. AND SUBSIDIARIES

## Consolidated Statement of Stockholders' Equity

Year Ended October 31, 1997

	Date of Transaction	Common Stock \$.001 Par Value (25,000,000 Shares Authorized)	
		Shares	Amount
Balance, November 1, 1996		10,000,000	5 -
Reverse Stock Split (Note 13)	8/97	(7,500,000)	-
Reclassification of Par Value (Note 1)	8/97	-	2,500
Cash Contribution	8/97	-	-
Stock Issued to Reimburse Stockholder for Expenses (\$.047 per share)	8/97	750,000	750
Stock Sold for Cash - Rule 504 Offering (\$1.00 per share)	Various	165,000	165
Stock Sold for Cash (Note 1)	9/97	4,000,000	4,000
Stock Sold for Cash (\$.50 per share)	10/97	300,000	300
Stock Issued in Exchange for 425,000 Shares of Sirco Common Stock (Note 3)	10/97	3,000,000	3,000
Stock Issuance Costs	Various	-	-
Net Loss for Year		-	-
Balance, October 31, 1997		<u>10,715,000</u>	<u>\$ 10,715</u>

The accompanying notes are an integral part of the consolidated financial statements

<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
\$ -	\$ -	\$ -
-	-	-
(2,500)	-	-
100	-	100
34,250	-	35,000
164,835	-	165,000
429,251	-	433,251
149,700	-	150,000
1,497,000	-	1,500,000
(28,700)	-	(28,700)
-	(101,276)	(101,276)
<u>\$ 2,243,936</u>	<u>\$ (101,276)</u>	<u>\$ 2,153,375</u>

## CLEC HOLDING CORP. AND SUBSIDIARIES

## Consolidated Statement of Cash Flows

Year Ended October 31, 1997

## Cash Flows from Operating Activities

Net loss	\$ (101,276)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation and amortization	22,595
Amortization of deferred line installation costs	30,281
Provision for losses on receivables - Customers	16,590
Minority interest in loss of consolidated subsidiary	(1,142)
Expenses reimbursed through issuance of common stock	35,000
Increase in	
Accounts receivable	(194,840)
Prepaid expenses and other	(54,504)
Increase in	
Accounts payable	159,901
Accrued expenses	21,627
Total Adjustments	35,508
Net Cash Used in Operating Activities	(65,768)

## Cash Flows from Investing Activities

Purchase of equipment	(17,969)
Acquisition of OPC	(1,000,000)
Net Cash Used in Investing Activities	(1,017,969)

## Cash Flows from Financing Activities

Principal payments under long-term debt	(59,631)
Proceeds from issuance of long-term debt	502,442
Net payments of capital lease obligations	(191)
Proceeds from issuance of common stock and contribution to capital	719,651
Net Cash Provided by Financing Activities	1,162,271

## Net Increase in Cash

78,534

## Cash, Beginning of Year

61,708

## Cash, End of Year

\$ 140,242

The accompanying notes are an integral part of the consolidated financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Organization and Acquisitions

CLEC Holding Corp. (CLEC), formerly PRS SUB II, was incorporated under the laws of the State of New Jersey on October 22, 1991. On that date, 1,000 shares of common stock were issued to PRS for no cash consideration. PRS subsequently went bankrupt, and on May 1, 1996, CLEC was authorized to issue shares of stock in accordance with the Bankruptcy Court Order. One million shares were issued to the creditors of CLEC: 500,000 shares were issued to the stockholders of PRS, and 8,500,000 shares were issued to a new stockholder or his assigns. In August 1997, CLEC increased the number of authorized shares of its common stock from 1,000 to 100,000,000 and a value of \$.001 was determined to be par value. An amount equal to \$2,500 par value of issued shares has been reclassified from additional paid-in capital to common stock related to the setting of a par value. On August 22, 1997, a 1 for 4 reverse stock split of the company's common stock was effectuated. In August 1997, \$100 was contributed to CLEC. Also in August 1997, the Board of Directors approved the issuance of 750,000 shares of common stock to reimburse a stockholder for \$35,000 of expenses incurred on behalf of the company. This issuance was authorized at a time before the Board of Directors knew if the Rule 504 Offering and future acquisition would be successful. On August 25, 1997, a Rule 504 Offering was made. One hundred sixty-five thousand shares of common stock were issued for \$165,000 related to this offering. On September 30, 1997, 4,000,000 shares of stock were issued to acquire OPC Acquisition Corp. (Acquisition). In October 1997, the company issued 300,000 shares of common stock to unrelated parties for \$165,000. On October 22, 1997, CLEC issued 3,000,000 shares of common stock for 425,000 shares of Sirco International Corp. (Sirco) common stock. See Note 3.

On September 9, 1997, Acquisition acquired 95% of the common stock of OPC for \$2,177,178. This transaction was accounted for as a purchase. In conjunction with the purchase, \$1,000,000 of the investment was paid in cash. The following portions of the investment were acquired through debt: promissory note to seller of \$247,079, note to seller of \$680,099, and the assumption of the NationsBank debt of \$250,000. See Notes 6, 7 and 8. Acquired assets and liabilities were recorded at their estimated fair value at the date of acquisition. The excess of the cost of the acquisition over the net assets acquired has been ascribed to goodwill. The consolidated financial statements include the results of operations of OPC since September 9, 1997. OPC did not commence operations until after January 1, 1997.

On September 30, 1997, CLEC exchanged 4,000,000 shares of CLEC common stock for all outstanding shares of Acquisition. Because the entities were under common control, the transfer was accounted for at historical cost in a manner similar to that in pooling-of-interests accounting. The consolidated financial statements include the results of operations of Acquisition from its inception. Acquisition was incorporated under the laws of the State of Florida on August 29, 1997.

## CLEC HOLDING CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Year Ended October 31, 1997

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Organization and Acquisitions (Continued)

OPC is the only operating company included in the preceding transactions. Its operations were included in these consolidated financial statements from September 9, 1997 through October 31, 1997. In addition, although it is an operating company, OPC is still in its early stages of growth. As OPC continues to grow, certain expenses are incurred to get the internal structure of the company in place. Management expected the loss shown in these consolidated financial statements. However, management also expects the company to continue to grow and obtain new lines. Once the internal structure of the company is in place and the number of lines has increased to a greater level, management expects many more business opportunities to become available to the company which should result in profitable operations for the company in the future.

Principles of Consolidation

The consolidated financial statements include the accounts of CLEC Holding Corp. and its subsidiaries (the company) after eliminating material intercompany balances and transactions.

Investment Securities

Marketable equity securities have been categorized as available for sale and as a result are stated at fair value. Marketable equity securities available for current operations are classified in the balance sheet as current assets while securities held for noncurrent uses are classified as long-term assets. Unrealized holding gains and losses are included as a component of stockholders' equity until realized.

Equipment

The company's policy is to depreciate or amortize the cost of equipment over the estimated useful lives of the assets as indicated in the following tabulation by use of the straight-line and accelerated methods.

	<u>Years</u>	<u>Method</u>
Furniture and Fixtures	7	Declining balance
Office Equipment	5-7	Declining balance
Computer Equipment	5	Declining balance
Billing Software	5	Straight-line



## CLEC HOLDING CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Year Ended October 31, 1997

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Loss per Share

Loss per share is based upon the weighted average number of shares outstanding during the period. Common stock equivalents relating to stock options are excluded from the computation, as their effect is anti-dilutive.

Goodwill

The excess of the cost of subsidiaries over the equity in underlying net assets at the dates of acquisition (goodwill) is being amortized over 15 years.

Deferred Charges

Deferred line installation costs include commissions and line charges incurred in the establishment of local access lines for customers and are being amortized on the straight-line method over the one-year life of the verbal contract with the new customer. Customers are given a coupon for one month of free local service after their sixth month of service. Deferred line installation costs also include the amounts related to the coupon allowance. These amounts are being amortized over one year.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of allowance for doubtful accounts, allowance for coupons and deferred line installation costs for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future taxable income.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## CIRCO HOLDING CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Year Ended October 31, 1997

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Revenue Recognition

The company recognizes service revenues in the period in which telephone services are provided. Where the company operates as a commission agent only, revenues are recorded at the net commission remitted or to be remitted by the provider.

Fair Value of Financial Instruments

Non-derivative financial instruments included in the consolidated balance sheet are cash, investment securities and notes payable. These instruments were carried at amounts approximating fair value as of October 31, 1997.

Effects of Recent Accounting Pronouncements

In February 1997, the FASB issued SFAS 128 "Earnings per Share". This Statement establishes and simplifies standards for computing and presenting earnings per share. SFAS 128 will be effective for the company's first quarter of fiscal 1998 and requires restatement of all previously reported earnings per share data that are presented. Early adoption of this Statement is not permitted. SFAS 128 replaces primary and fully diluted earnings per share with basic and diluted earnings per share. The amount reported as net loss per common share for the year ended October 31, 1997, would not be materially different than that which would have been reported for basic earnings per share in accordance with SFAS 128.

## NOTE 2 - NATURE OF OPERATIONS

The company provides local and long-distance telecommunications services to business and residential customers in Florida. The company's business is highly competitive and is subject to various federal, state and local regulations.

## NOTE 3 - INVESTMENT SECURITIES

On October 22, 1997, the company exchanged 3,000,000 shares of common stock for 425,000 shares of Sirco common stock. Sirco stock was thinly traded during the time frame of this transaction (varying between \$6 and \$7 in the week surrounding October 22, 1997) and therefore its trading prices were not used to determine the fair value of the stock exchange. As the company has issued the majority of its common stock at \$.50 per share, this value was used for the Sirco investment. Because the stock continued to be thinly traded as of October 31, 1997, the company

## CLEC HOLDING CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Year Ended October 31, 1997

## NOTE 3 - INVESTMENT SECURITIES (Continued)

determined the valuation of \$1,500,000 to be appropriate. This investment is classified as available for sale with a cost of \$1,500,000. See Note 14 for disclosure of the sale of these securities subsequent to October 31, 1997

## NOTE 4 - EQUIPMENT

Furniture and fixtures	\$ 28,921
Office equipment	19,184
Computer equipment	71,169
Billing software	<u>19,295</u>
	138,569
Accumulated depreciation and amortization	<u>(20,685)</u>
	<u>\$ 117,884</u>

## NOTE 5 - DEFERRED LINE INSTALLATION COSTS

Deferred line installation costs consist of the following

Commissions on new lines	\$ 125,100
New line connection charges	48,221
Discount coupons	<u>31,482</u>
	204,803
Accumulated amortization	<u>(80,257)</u>
	124,546
Allowance for discounts	<u>(30,212)</u>
	<u>\$ 94,334</u>

## NOTE 6 - SHORT-TERM BORROWINGS - BANK

As of October 31, 1997, the company was obligated under a line of credit with NationsBank for \$250,000. Borrowings under this line of credit bear interest at 7.00% and are secured by a \$250,000 certificate of deposit held by the 5% stockholder of OPC. As of October 31, 1997, there are no maximum additional available borrowings on this line of credit. The agreement expired on December 5, 1997. See Note 14.

## CLEC HOLDING CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Year Ended October 31, 1997

**NOTE 7 - SHORT-TERM BORROWINGS - RELATED PARTIES**

As of October 31, 1997, the company was obligated under several notes with related parties. All hold common stock in the company.

Short-term borrowings - related parties consists of the following:

Note payable to John Murray, payable in one payment of \$250,000 on November 10, 1997; interest is imputed at 7.00%, secured by all assets of OPC as of September 9, 1997 and the 475 shares of OPC common stock purchased	\$ 249,521
Note payable to Ken Baritz, payable in one payment of \$250,000 on December 9, 1997 or on demand, interest at 12.00% *	250,000
Note payable to Joel Dupre, payable in one payment of \$150,000 on December 9, 1997 or on demand, interest at 12.00% *	150,000
Note payable to Universal Claims Administrators, Inc., payable in one payment of \$100,000 on December 9, 1997 or on demand, interest at 12.00% *	<u>100,000</u>
	<u>\$ 749,521</u>

\*These notes are secured by a second position behind John Murray in 475 shares of the common stock of OPC.

Interest expense was \$10,990 for the year ended October 31, 1997.

**NOTE 8 - LONG-TERM DEBT**

Long-term debt consists of the following:

Note payable to John Murray, payable in quarterly installments of \$62,500 which includes imputed interest at 7.00%, due July 1, 2000; secured by 475 shares of OPC common stock purchased	\$ 620,468
Other	<u>3,509</u>
Total long-term debt	623,977
Less current maturities	<u>(213,748)</u>
	<u>\$ 410,229</u>

## CEEC HOLDING CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Year Ended October 31, 1997

## NOTE 8 - LONG-TERM DEBT (Continued)

Interest expense was \$3,465 for the year ended October 31, 1997. Interest expense for amounts payable to a related party was \$2,869

Maturities on long-term debt are as follows as of October 31, 1997:

Year Ending October 31	
1999	\$ 228,190
2000	<u>182,039</u>
	<u>\$ 410,229</u>

## NOTE 9 - INCOME TAXES

The company incurred net losses of \$102,418. Accordingly, no provision for current federal or state income taxes has been made to the financial statements.

The net deferred tax asset in the accompanying balance sheet includes the following components:

Deferred tax liabilities	\$ (12,783)
Deferred tax assets	42,511
Valuation allowance	<u>(29,728)</u>
Net deferred tax asset	<u>\$ -</u>

Because of the uncertainty associated with future realization of the deferred tax assets, the deferred tax asset has been offset in total by a valuation allowance.

The company has loss carryforwards totaling \$216,065 that may be offset against future taxable income. If not used, the carryforwards will expire in the year 2012.

## NOTE 10 - OPERATING LEASES

The company has entered into leases for its office facilities. Total rental expense was \$ 6,733 for the year ended October 31, 1997.

# CEEC HOLDING CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Year Ended October 31, 1997

### NOTE 10 - OPERATING LEASES (Continued)

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year, as of October 31, 1997:

Year Ending October 31:	
1998	\$ 39,839
1999	39,867
2000	<u>3,335</u>
Total Minimum Payments Required	<u>\$ 83,041</u>

### NOTE 11 - COMMITMENTS AND CONTINGENCIES

The company has an employment agreement with the former president of OPC. The agreement is for one year expiring September 9, 1998. The agreement provides for a \$100,000 base salary with quarterly bonuses based on specific targets regarding new lines. This agreement also includes a noncompete restriction for a two-year period following termination from OPC. The company is currently in negotiations with John Murray, the minority stockholder, regarding terms for cancellation and settlement of said agreement.

On April 29, 1997, the company entered into an agreement with an independent telecommunications company (Bellsouth) to allow the company to resell the Bellsouth local telephone service in Florida. The agreement is for a two-year period with two one-year renewal options.

On April 29, 1997, the company entered into an agreement with an independent telecommunications company (AMNEX) to allow the company to resell the AMNEX long-distance service in Florida. The agreement is for a one-year period. AMNEX prepares billing and provides collection services. All amounts received from AMNEX are recorded net. See Note 1.

### NOTE 12 - STOCK OPTIONS

On September 8, 1997, the company granted options to purchase 500,000 shares of common stock to two individuals and one company that provided loans to the company. See Note 7. The exercise price is \$1.20 for a period of three years. None of these options were exercised during the year ended October 31, 1997.

## CLEC HOLDING CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Year Ended October 31, 1997

**NOTE 12 - STOCK OPTIONS (Continued)**

On October 22, 1997, the company, pursuant to the Sirco Stock Purchase Agreement, granted options to purchase up to 100,000 shares of common stock for up to three years at an exercise price of \$1.00 per share. These options were granted to Sirco's nominee to the Board of Directors. No options were exercised during the year ended October 31, 1997.

**NOTE 13 - COMMON STOCK REVERSE SPLIT**

In August 1997, the Board of Directors authorized a one-for-four reverse stock split of common shares. All share and earnings per common share amounts included in these financial statements have been adjusted for the reverse stock split.

**NOTE 14 - SUBSEQUENT EVENTS**Loan Conversion to Common Stock

On November 10, 1997, the Board of Directors authorized the conversion of Joel Dupre's bridge loan of \$150,000 (Note 7) plus accrued interest of \$3,000 into 306,000 shares of CLEC common stock.

Stock Issued

On December 1, 1997, pursuant to an employment agreement, the company issued 200,000 shares of unregistered common stock to the new president of OPC.

Amendment to Office Facilities Lease

On December 10, 1997, the company signed an amendment to the office facilities lease (Note 10) which extended the original lease for a 23-month period. The lease for the original office space will now expire on November 30, 1999. Commencing January 1, 1998, the monthly rent payment will be \$972.

New Financing

On December 1, 1997, CLEC effectuated a \$35,000 loan from Essex Insurance Company, a party related through common ownership to a stockholder in the company, for general business purposes, at an interest rate of 8%. This note was due in 60 days and was secured by 25,000 shares of Sirco common stock.

**CLEC HOLDING CORP. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****Year Ended October 31, 1997**

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**NOTE 14 - SUBSEQUENT EVENTS**New Financing (Continued)

On December 26, 1997, the company entered into a receivables sale agreement with Receivables Funding Corporation. This agreement expires on December 26, 1999. All eligible receivables of the company will be purchased by Receivable Funding Corporation. Eligible receivables are those created by the provision or sale of telecommunication services or equipment and are less than 90 days old.

In January 1998, CLEC effectuated a \$250,000 loan from Essex Insurance Company for the purpose of repaying a bridge note to Universal Claims Administrators, Inc. (Note 7) in the amount of \$100,000 plus \$3,000 accrued interest, \$35,000 in satisfaction of the December 1, 1997 Essex Insurance Company note and the balance for general business purposes. This loan will bear interest at a rate of 8%. This loan expires in 120 days and was secured by 150,000 shares of Sirco common stock. The company received a temporary release of collateral. It is management's intention to enter into a second stock purchase agreement with Sirco. Once acquired, 150,000 shares of Sirco stock will be put up as collateral on the Essex loan.

The Sirco shares were sold in January and February 1998. See below.

Sale of Investment Securities

On January 29, 1998 and February 12, 1998, the company sold all 425,000 shares of Sirco stock held by it at October 31, 1997. The value at October 31, 1997 was \$1,500,000. The sales price for these shares was \$687,500. A loss of \$812,500 was incurred.

Stock Options

On December 1, 1997, the company, pursuant to an employment agreement, granted options to purchase 800,000 shares of common stock at an exercise price of \$.50 per share. These options were issued to the new president of OPC. These options will expire in five years.

In December 1997, January 1998 and February 1998, the company, pursuant to employment agreements, granted options to purchase 200,000 shares of common stock at an exercise price of \$1.00 per share. These options were issued to four officers of OPC. Options to purchase 50% of the shares of the common stock will vest at the one-year anniversary of grant, 25% at the two-year anniversary of grant and the balance of 25% at the three-year anniversary of grant. These options will expire in five years.



**THE OTHER PHONE COMPANY, INC.**  
d/b/a  
**ACCESS ONE COMMUNICATIONS**

**EXHIBIT C**

Resumes of Key Employees

**The Other Phone Company, Inc.  
d/b/a Access One Communications  
Biographies of Senior Executive Team**

**KENNETH G. BARITZ  
Chairman and CEO**

Kenneth G. Baritz is Chairman and Chief Executive Officer of Access One. Prior to joining Access One in August 1997, Mr. Baritz served as Chairman and CEO of AMNEX, Inc. a \$150 million publicly traded telecommunications company. During the course of his five year tenure at AMNEX, the company grew from \$30 million in revenue to over \$150 million and its market value grew from \$7 million to over \$100 million.

Prior to joining AMNEX Mr Baritz served from 1989 through 1993 as a Vice President of Bear Stearns & Co., Inc., an investment banking concern. Mr. Baritz currently sits on the Boards of Directors of a number of privately held companies.

**KEVIN D. GRIFFO  
President and COO**

Kevin D. Griffo is President and Chief Operating Officer of Access One. In this position, he is responsible for the day-to-day operation of the company. Prior to joining Access One in January 1998 and since 1995, Mr. Griffo held a number of executive positions at AMNEX, Inc., including Corporate COO and President of AMNEX's Telecommunications Division. Under Mr. Griffo, the Telecommunications Division grew to over \$100 million revenues.

Prior to joining AMNEX, Mr. Griffo served as Regional Vice President for LDDS WORLDCOM.

Access One - Executive Biographies, cont'd.

**KEVIN RYAN**  
**Vice President-Sales**

Kevin Ryan is Vice President-Sales of Access One. Prior to joining the Company in 1997, Mr. Ryan was Director of Mexico Operations for Capital Network System, Inc. From 1993 through 1996, Mr. Ryan was employed at LDDS WORLDCOM, last holding the position of Director of Sales.

**ELIZABETH STALLINGS**  
**Vice President - Finance and Administration**

Ms. Stallings is Vice President - Finance and Administration of Access One. Prior to joining the company, Ms Stallings was employed by AMNEX, Inc., where she rose from the position of Staff Accountant to Division Controller. Prior to joining AMNEX, Ms. Stallings was employed by Harris Corporation as a junior accountant.

**JACK ALLEN**  
**Director-MIS**

Mr. Allen is currently Director-MIS. Mr. Allen joined the company from Distributed Processing, Technology, Inc., where he was Project Manager for Database Development. During the last decade, Mr. Allen has worked as independent MIS consultant with primary emphasis on telecommunications billing solutions.

**THE OTHER PHONE COMPANY, INC.**

**EXHIBIT D**

Proposed Tariff

RULES, REGULATIONS, AND  
SCHEDULE OF RATES AND CHARGES  
APPLICABLE TO END USER

LOCAL EXCHANGE AND LONG DISTANCE  
TELECOMMUNICATIONS SERVICES

FURNISHED BY

THE OTHER PHONE COMPANY, INC.

doing business as

ACCESS ONE COMMUNICATIONS

WITHIN THE STATE OF SOUTH CAROLINA

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Issued: September 11, 1998

Effective:

By:

Kevin D. Griffo, President and COO

**CHECK SHEET**

The Title Page and pages listed below are inclusive and effective as of the date shown. Original and revised pages as named below contain all changes from the original tariff that are in effect on the date shown on each page.

<u>Page</u>		<u>Page</u>		<u>Page</u>	
<u>Number</u>	<u>Revision</u>	<u>Number</u>	<u>Revision</u>	<u>Number</u>	<u>Revision</u>
Title Page	Original *	31	Original *	61	Original *
1	Original *	32	Original *	62	Original *
2	Original *	33	Original *	63	Original *
3	Original *	34	Original *	64	Original *
4	Original *	35	Original *	65	Original *
5	Original *	36	Original *	66	Original *
6	Original *	37	Original *	67	Original *
7	Original *	38	Original *	68	Original *
8	Original *	39	Original *	69	Original *
9	Original *	40	Original *	70	Original *
10	Original *	41	Original *	71	Original *
11	Original *	42	Original *	72	Original *
12	Original *	43	Original *	73	Original *
13	Original *	44	Original *	74	Original *
14	Original *	45	Original *	75	Original *
15	Original *	46	Original *	76	Original *
16	Original *	47	Original *	77	Original *
17	Original *	48	Original *	78	Original *
18	Original *	49	Original *	79	Original *
19	Original *	50	Original *	80	Original *
20	Original *	51	Original *	81	Original *
21	Original *	52	Original *	82	Original *
22	Original *	53	Original *	83	Original *
23	Original *	54	Original *	84	Original *
24	Original *	55	Original *	85	Original *
25	Original *	56	Original *	86	Original *
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27	Original *	58	Original *	88	Original *
28	Original *	59	Original *	89	Original *
29	Original *	60	Original *	90	Original *
30	Original *				

\* - Indicates pages submitted with most recent filing.

Issued: September 11, 1998

Effective:

By:

Kevin D. Griffo, President and COO

**CHECK SHEET, (Cont'd.)**

<u>Page</u> <u>Number</u>	<u>Revision</u>	<u>Page</u> <u>Number</u>	<u>Revision</u>	<u>Page</u> <u>Number</u>	<u>Revision</u>
91	Original *	125	Original *		
92	Original *	126	Original *		
93	Original *	127	Original *		
94	Original *	128	Original *		
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97	Original *	131	Original *		
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**TABLE OF CONTENTS**

**Description**

CHECK SHEET .....	1
TABLE OF CONTENTS .....	3
EXPLANATION OF SYMBOLS .....	4
APPLICATION OF TARIFF .....	5
1.0 - DEFINITIONS .....	6
2.0 - RULES AND REGULATIONS .....	9
3.0 - SERVICE AREAS .....	41
4.0 - SERVICE CHARGES .....	43
5.0 - NETWORK SERVICE DESCRIPTIONS .....	47
6.0 - LOCAL SERVICES PRICE LIST .....	65
7.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES .....	129
8.0 - LOCAL OPERATOR SERVICES .....	135
9.0 - LONG DISTANCE SERVICES .....	139
10.0 - MISCELLANEOUS SERVICES .....	143
10.0 - PROMOTIONAL OFFERINGS .....	148

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**EXPLANATION OF SYMBOLS**

The following symbols shall be used in this tariff for the purpose indicated below:

- (C) To signify changed regulation.
- (D) To signify discontinued rate or regulation.
- (I) To signify increased rate.
- (M) To signify a move in the location of text.
- (N) To signify new rate or regulation.
- (R) To signify reduced rate.
- (S) To signify reissued matter.
- (T) To signify a change in text but no change in rate or regulation.

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The Other Phone Company, Inc.  
d/b/a Access One Communications  
4205 Vineland Road, Suite L-15  
Orlando, Florida 32811

South Carolina Tariff No. 1  
Original Page 5

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**APPLICATION OF TARIFF**

This tariff sets forth the service offerings, rates, terms and conditions applicable to the local exchange, exchange access, and intrastate toll communications services within the state of South Carolina.

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### **SECTION 1.0 - DEFINITIONS**

For the purpose of this tariff, the following definitions will apply:

**Advance Payment:** Part or all of a payment required before the start of service.

**Automatic Number Identification ("ANI"):** Allows the automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party subscriber. The primary purpose of ANI is to allow for billing of toll calls.

**Bit:** The smallest unit of information in the binary system of notation.

**Collocation:** An arrangement whereby the Company's switching equipment is located in a local exchange Company's central office.

**Company:** The Other Phone Company, Inc. d/b/a Access One Communications unless the context in this tariff clearly indicates otherwise.

**Customer or Subscriber:** The person, firm or corporation which orders service and is responsible for the payment of charges and compliance with the Company's regulations.

**Deposit:** Refers to a cash or equivalent of cash security held as a guarantee for payment of the charges.

**DID Trunk:** A form of local switched access that provides the ability for an outside party to call an internal extension directly without the intervention of the Company operator.

**Direct Inward Dial (or "DID"):** A service attribute that routes incoming calls directly to stations, by-passing a central answering point.

**Direct Outward Dial (or "DOD"):** A service attribute that allows individual station users to access and dial outside numbers directly.

**End Office:** With respect to each NPA-NXX code prefix assigned to the Company, the location of the Company's "end office" for purposes of this tariff shall be the point of interconnection associated with that NPA-NXX code in the Local Exchange Routing Guide ("LERG"), issued by Bellcore.

**Exchange Telephone Company or Telephone Company:** Denotes any individual, partnership, association, joint-stock company, trust, or corporation authorized by the appropriate regulatory bodies to engage in providing public switched communication service throughout an exchange area, and between exchange areas within the LATA.

**Hearing Impaired:** Those persons with communication impairments, including those hearing impaired, deaf, deaf/blind, and speech impaired persons who have an impairment that prevents them from communicating over the telephone without the aid of a telecommunications device for the deaf.

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**SECTION 1.0 - DEFINITIONS, (Cont'd.)**

Hunting: Routes a call to an idle station line in a prearranged group when the called station line is busy.

IXC or Interexchange Carrier: A long distance telecommunications services provider.

LATA: A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4.

Monthly Recurring Charges: The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

Nonrecurring Charge ("NRC"): A charge assessed on a one-time basis or "per occasion" basis.

NPA: Numbering plan area or area code.

OPC: The Other Phone Company, Inc. d/b/a Access One Communications, the issuer of this tariff.

PBX: Private Branch Exchange

Point of Presence ("POP"): Point of Presence

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment which continue for the agreed upon duration of the service.

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**SECTION 1.0 - DEFINITIONS, (Cont'd.)**

Service Commencement Date: The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute Service Commencement Date.

Service Order: The written request for Network Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Shared: A facility or equipment system or subsystem that can be used simultaneously by several Customers.

Two Way: A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

Usage Based Charges: Charges for minutes or messages traversing over local exchange facilities.

User or End User: A Customer, Joint User, or any other person authorized by a Customer to use service provided under this tariff.

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**SECTION 2.0 - RULES AND REGULATIONS**

**2.1 Undertaking of the Company**

**2.1.1 Scope**

The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way information transmission originating from points within the State of South Carolina, and terminating within a local calling area as defined herein.

The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own Customers.

**2.1.2 Shortage of Equipment or Facilities**

- (A) The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control.
- (B) The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.1 Undertaking of the Company, (Cont'd.)**

**2.1.3 Terms and Conditions**

- (A) Service is provided on the basis of a minimum period of at least thirty days, 24-hours per day. For the purpose of computing charges in this tariff, a month is considered to have thirty (30) days.
- (B) Customers may be required to enter into written or verbal service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company.
- (C) Except as otherwise stated in the tariff, at the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party upon thirty (30) days notice. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.
- (D) This tariff shall be interpreted and governed by the laws of the State of South Carolina without regard for its choice of laws provision.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.1 Undertaking of the Company, (Cont'd.)**

**2.1.3 Terms and Conditions, (Cont'd.)**

- (E) Other carriers may not interfere with the right of any person or entity to obtain service directly from the Company. No person or entity shall be required to make any payment, incur any penalty, monetary or otherwise, or purchase any services in order to have the right to obtain service directly from the Company.
- (F) To the extent that either the Company or any other carrier exercises control over available cable pairs, conduit, duct space, raceways, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its Customers. At the reasonable request of either party, the Company and the other carrier shall jointly attempt to obtain from the owner of the property access for the other party to serve a person or entity.
- (G) The Company hereby reserves its rights to establish service packages specific to a particular Customer. These contracts may or may not be associated with volume and/or term discounts.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.1 Undertaking of the Company, (Cont'd.)**

**2.1.4 Limitations on Liability**

- (A) Except as otherwise stated in this section, the liability of the Company for damages arising out of either: (1) the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or (2) the failure to furnish its service, whether caused by acts or omission, shall be limited to the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7 and direct damages of up to the equivalent of one month's service.
- (B) Except for the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7, the Company shall not be liable to a Customer or third party for any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages, including, but not limited to, loss of revenue or profits, for any reason whatsoever, including, but not limited to, any act or omission, failure to perform, delay, interruption, failure to provide any service or any failure in or breakdown of facilities associated with the service.
- (C) The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.1 Undertaking of the Company, (Cont'd.)**

**2.1.4 Limitations on Liability, (Cont'd.)**

- (D) The Company shall be indemnified and saved harmless by the Customer from and against all loss, liability, damage and expense, including reasonable counsel fees, due to:
- (1) Any act or omission of: (a) the Customer, (b) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company; or (c) common carriers or warehousemen, except as contracted by the Company;
  - (2) Any delay or failure of performance or equipment due to causes beyond the Company's control, including but not limited to, acts of God, fires, floods, earthquakes, hurricanes, or other catastrophes; national emergencies, insurrections, riots, wars or other civil commotions; strikes, lockouts, work stoppages or other labor difficulties; criminal actions taken against the Company; unavailability, failure or malfunction of equipment or facilities provided by the Customer or third parties; and any law, order, regulation or other action of any governing authority or agency thereof;
  - (3) Any unlawful or unauthorized use of the Company's facilities and services;
  - (4) Libel, slander, invasion of privacy or infringement of patents, trade secrets, or copyrights arising from or in connection with the material transmitted by means of Company-provided facilities or services; or by means of the combination of Company-provided facilities or services;
  - (5) Breach in the privacy or security of communications transmitted over the Company's facilities;

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.1 Undertaking of the Company, (Cont'd.)**

**2.1.4 Limitations on Liability, (Cont'd.)**

**(D) (Cont'd.)**

- (6) Changes in any of the facilities, operations or procedures of the Company that render any equipment, facilities or services provided by the Customer obsolete, or require modification or alteration of such equipment, facilities or services, or otherwise affect their use or performance, except where reasonable notice is required by the Company and is not provided to the Customer, in which event the Company's liability is limited as set forth in paragraph (A) of this Subsection 2.1.4.
- (7) Defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof;
- (8) Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to the Company's facilities;
- (9) Any noncompletion of calls due to network busy conditions;
- (10) Any calls not actually attempted to be completed during any period that service is unavailable;
- (11) And any other claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of the Company's services or facilities.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.1 Undertaking of the Company, (Cont'd.)**

**2.1.4 Limitations on Liability, (Cont'd.)**

- (E) The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere.
- (F) The Company makes no warranties or representations, EXPRESS OR IMPLIED, either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.
- (G) Failure by the Company to assert its rights pursuant to one provision of this tariff does not preclude the Company from asserting its rights under other provisions.

**2.1.5 Notification of Service-Affecting Activities**

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

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**SECTION 2.0 - RULES AND REGULATIONS. (Cont'd.)**

**2.1 Undertaking of the Company, (Cont'd.)**

**2.1.6 Provision of Equipment and Facilities**

- (A) The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not nor may the Customer permit others to rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- (B) The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.
- (C) Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which the equipment is provided.
- (D) Except as otherwise indicated, Customer provided station equipment at the Customer's premises for use in connection with this service shall be so constructed, maintained and operated as to work satisfactorily with the facilities of the Company.
- (E) The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:
  - (1) the through transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or
  - (2) the reception of signals by Customer-provided equipment; or
  - (3) network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.1 Undertaking of the Company, (Cont'd.)**

**2.1.7 Nonroutine Installation**

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

**2.1.8 Special Construction**

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is construction undertaken:

- (A) where facilities are not presently available, and there is no other requirement for the facilities so constructed;
- (B) of a type other than that which the Company would normally utilize in the furnishing of its services;
- (C) over a route other than that which the Company would normally utilize in the furnishing of its services;
- (D) in a quantity greater than that which the Company would normally construct;
- (E) on an expedited basis;
- (F) on a temporary basis until permanent facilities are available;
- (G) involving abnormal costs; or
- (H) in advance of its normal construction.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.1 Undertaking of the Company, (Cont'd.)**

**2.1.9 Ownership of Facilities**

Title to all facilities provided in accordance with this tariff remains in the Company, its partners, agents, contractors or suppliers.

**2.2 Prohibited Uses**

**2.2.1** The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.

**2.2.2** The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and the South Carolina Public Service Commission's regulations, policies, orders, and decisions.

**2.2.3** The Company may block any signals being transmitted over its Network by Customers which cause interference to the Company or other users. Customer shall be relieved of all obligations to make payments for charges relating to any blocked Service and shall indemnify the Company for any claim, judgment or liability resulting from such blockage.

**2.2.4** A Customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and nonrecurring installation charges as stated in this tariff will apply.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.3 Obligations of the Customer**

**2.3.1 General**

The Customer shall be responsible for:

- (A) the payment of all applicable charges pursuant to this tariff;
- (B) damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;
- (C) providing at no charge, as specified from time to time by the Company, any needed equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- (D) obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide Communications Services to the Customer from the cable building entrance or property line to the location of the equipment space described in Section 2.3.1(C). Any and all costs associated with the obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company provided facilities, shall be borne entirely by, or may be charged by the Company, to the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.3 Obligations of the Customer, (Cont'd.)**

**2.3.1 General, (Cont'd.)**

- (E) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g., friable asbestos) prior to any construction or installation work;
- (F) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1(D); and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;
- (G) not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities; and
- (H) making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.3 Obligations of the Customer, (Cont'd.)**

**2.3.2 Liability of the Customer**

- (A) The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invites, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.
- (B) To the extent caused by any negligent or intentional act of the Customer as described in (A), preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, for (1) any loss, destruction or damage to property of any third party, and (2) any liability incurred by the Company to any third party pursuant to this or any other tariff of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.
- (C) The Customer shall not assert any claim against any other Customer or user of the Company's services for damages resulting in whole or in part from or arising in connection with the furnishing of service under this tariff including but not limited to mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations, whether or not such other Customer or user contributed in any way to the occurrence of the damages, unless such damages were caused solely by the negligent or intentional act or omission of the other Customer or user and not by any act or omission of the Company. Nothing in this tariff is intended either to limit or to expand Customer's right to assert any claims against third parties for damages of any nature other than those described in the preceding sentence.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.4 Customer Equipment and Channels**

**2.4.1 General**

A user may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A user may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

**2.4.2 Station Equipment**

- (A) Terminal equipment on the user's premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the user. The user is responsible for the provision of wiring or cable to connect its terminal equipment to the Company's network.
- (B) The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense, subject to prior Customer approval of the equipment expense.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.4 Customer Equipment and Channels, (Cont'd.)**

**2.4.3 Inspections**

- (A) Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2(B) for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment.
- (B) If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.
- (C) If harm to the Company's network, personnel or services is imminent, the Company reserves the right to shut down Customer's service immediately, with no prior notice required.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.5 Customer Deposits and Advance Payments**

**2.5.1 Advance Payments**

To safeguard its interests, the Company may require a Customer to make an advance payment before services and facilities are furnished. The advance payment will not exceed an amount equal to one (1) month's estimated billing, upon which the advance can be collected and subsequently rebilled. In addition, the advance payment may also include an amount equal to the estimated nonrecurring charges and recurring charges for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's next bill. Advance payments do not accrue interest. An advance payment may be required in addition to a deposit.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.5 Customer Deposits and Advance Payments, (Cont'd.)**

**2.5.2 Deposits**

- (A) To safeguard its interests, the Company may require the Customer to make a deposit to be held as a guarantee for the payment of charges in accordance with South Carolina Public Service Commission Rules. A deposit may be required if the Customer's financial condition is not acceptable to the Company or is not a matter of general knowledge. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. The deposit will not exceed an amount equal to two regular billing periods. A deposit may be required in addition to an advance payment.
- (B) Upon discontinuance of service, the Company shall promptly and automatically refund the Customer's deposit plus accrued interest, or the balance, if any, in excess of the unpaid bills including any penalties assessed for service furnished by the Company.
- (C) Deposits will accrue interest annually in accordance with South Carolina Public Service Commission Rules. The interest accrued is 7% annually. Upon request of the Customer, accrued interest shall be annually credited to the Customer by deducting such interest from the amount of the next bill for service following the accrual date.
- (D) The Company shall annually and automatically refund the deposits of Customers who have paid bills for 24 consecutive months without having had service discontinued for nonpayment or had more than one occasion on which a bill was not paid within the period prescribed and are not then delinquent in payment.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.6 Payment Arrangements,**

**2.6.1 Payment for Service**

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer.

The Customer is responsible for the payment of federal excise taxes, state and local sales and use taxes and similar taxes imposed by governmental jurisdictions, all of which shall be separately designated on the Company's invoices. The Company will not separately charge for the South Carolina gross receipts tax on the Company's invoice for local services. Any taxes imposed by a local jurisdiction (e.g., county and municipal) will only be recovered from those Customers residing in the affected jurisdictions.

Certain telecommunications services, as defined in the South Carolina Revised Code, are subject to state sales tax at the prevailing tax rates, if the services originate, or terminate in South Carolina, or both, and are charged to a subscriber's telephone number or account in South Carolina.

**2.6.2 Billing and Collection of Charges**

The Customer is responsible for payment of all charges incurred by the Customer or other users for services and facilities furnished to the Customer by the Company.

- (A) Nonrecurring charges are due and payable upon receipt of the Company's invoice by the Customer.
- (B) The Company shall present invoices for recurring charges monthly to the Customer, in advance of the month in which service is provided, and recurring charges shall be due and payable upon receipt. When billing is based upon Customer usage, usage charges will be billed monthly for the preceding billing period.
- (C) When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have thirty (30) days.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.6 Payment Arrangements, (Cont'd.)**

**2.6.2 Billing and Collection of Charges, (Cont'd.)**

- (D) Billing of the Customer by the Company will begin on the Service Commencement Date, which is the day on which the Company notifies the Customer that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.
- (E) If any portion of the payment is not received by the Company within 30 days of receipt of the bill, or if any portion of the payment is received by the Company in funds which are not immediately available upon presentment, then a late payment charge of 1.5% per month shall be due to the Company. A late payment charge is not applicable to subsequent rebilling of any amount to which a late payment charge has already been applied. Late payment charges are to be applied without discrimination.
- (F) The Customer should notify the Company of any disputed items on an invoice within thirty (30) days of receipt of the invoice. If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the South Carolina Public Service Commission in accordance with the Commission's rules of procedure. The address of the Commission is as follows:  
  
South Carolina Public Service Commission  
Koger Executive Center  
101 Executive Center Dr.  
Columbia, SC 29210
- (G) If service is disconnected by the Company (in accordance with Section 2.6.3 following) and later re-installed, re-installation of service will be subject to all applicable installation charges. If service is suspended by the Company (in accordance with Section 2.6.3 following) and later restored, restoration of service will be subject to the rates in Section 4.3 of this tariff.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.6 Payment Arrangements, (Cont'd.)**

**2.6.3 Discontinuance of Service for Cause**

The Company may discontinue service for the following reasons provided in this Section 2.6.3. Customers will be provided five (5) days written notice prior to discontinuance unless otherwise indicated.

Upon the Company's discontinuance of service to the Customer under Section 2.6.3(A) or 2.6.3(B), the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges which would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer to be immediately due and payable.

- (A) Upon nonpayment of any amounts owing to the Company, the Company may discontinue or suspend service without incurring any liability. No basic residential service shall be disconnected for nonpayment until at least 20 days from the date of the bill and only following proper written notification.
- (B) Upon violation of any of the other material terms or conditions for furnishing service the Company may, discontinue or suspend service without incurring any liability if such violation continues during that period.
- (C) Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.
- (D) Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability.
- (E) Upon any governmental prohibition or governmental required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.6 Payment Arrangements, (Cont'd.)**

**2.6.3 Discontinuance of Service for Cause , (Cont'd.)**

- (F) Without notice in the event of fraudulent use of the Company's network. The Customer will be liable for all related costs. The Customer will also be responsible for payment of any reconnection charges.
- (G) Without notice in the event of Customer use of equipment or services in such a manner as to adversely affect the Company's service to others.
- (H) Without notice in the event of tampering with the equipment or services furnished by the Company.
- (I) The Customer is responsible for providing adequate access lines to enable the Company to terminate all toll-free (i.e., 800/888) service calls to the Customer's telephone equipment. Should the Customer have insufficient access lines on which to terminate 800 Service calls, the Company reserves the right to request the Customer to add additional lines for call terminations. If, after ninety (90) days, the Customer has not made the requested change, the Company, without incurring any liability, reserves the right to terminate the Customer's 800 Service, with thirty (30) days written notice.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.6 Payment Arrangements, (Cont'd.)**

**2.6.4 Notice to Company for Cancellation of Service**

Customers desiring to terminate service shall provide the Company notice of desire to terminate service.

**2.6.5 Cancellation of Application for Service**

- (A) Where the Company permits the Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.
- (B) Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.
- (C) Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred, less net salvage, may apply. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.
- (D) The special charges described in 2.6.5(A) through 2.6.5(C) will be calculated and applied on a case-by-case basis.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.6 Payment Arrangements, (Cont'd.)**

**2.6.6 Changes in Service Requested**

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

**2.6.7 Bad Check Charge**

A service charge equal to \$20.00 will be assessed in accordance with South Carolina law for all checks returned by a bank or other financial institution for: Insufficient or uncollected funds, closed account, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank or other financial institution.

**2.7 Allowances for Interruptions in Service**

**2.7.1 General**

- (A) A credit allowance will be given when service is interrupted, except as specified in Section 2.7.2 following. A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- (B) An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.7 Allowances for Interruptions in Service, (Cont'd.)**

**2.7.1 General, (Cont'd.)**

- (C) If the Customer reports a service, facility or circuit to be interrupted but declines to release it for testing and repair, or refuses access to its premises for test and repair by the Company, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service, facility or circuit considered by the Company to be impaired.
- (D) The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

**2.7.2 Limitations of Allowances**

No credit allowance will be made for any interruption in service:

- (A) Due to the negligence of or noncompliance with the provisions of this tariff by any person or entity other than the Company, including but not limited to the Customer;
- (B) Due to the failure of power, equipment, systems, connections or services not provided by the Company;
- (C) Due to circumstances or causes beyond the reasonable control of the Company;
- (D) During any period in which the Company is not given full and free access to its facilities and equipment for the purposes of investigating and correcting interruptions;

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.7 Allowances for Interruptions in Service, (Cont'd.)**

**2.7.2 Limitations of Allowances, (Cont'd.)**

- (E) A service will not be deemed to be interrupted if a Customer continues to voluntarily make use of the such service. If the service is interrupted, the Customer can get a service credit, use another means of communications provided by the Company (pursuant to Section 2.7.3), or utilize another service provider;
- (F) During any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- (G) That occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and
- (H) That was not reported to the Company within thirty (30) days of the date that service was affected.

**2.7.3 Use of Another Means of Communications**

If the Customer elects to use another means of communications during the period of interruption, the Customer must pay the charges for the alternative service used.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.7 Allowances for Interruption in Service, (Cont'd.)**

**2.7.4 Application of Credits for Interruptions in Service**

- (A) Credits for interruptions in service that is provided and billed on a flat rate basis for a minimum period of at least one month, beginning on the date that billing becomes effective, shall in no event exceed an amount equivalent to the proportionate charge to the Customer for the period of service during which the event that gave rise to the claim for a credit occurred. A credit allowance is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.
- (B) For calculating credit allowances, every month is considered to have thirty (30) days.
- (C) A credit allowance will be given for interruptions of thirty (30) minutes or more. Two or more interruptions of fifteen (15) minutes or more during any one 24-hour period shall be combined into one cumulative interruption.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.7 Allowances for Interruption in Service, (Cont'd.)**

**2.7.4 Application of Credits for Interruptions in Service, (Cont'd.)**

**(D) Interruptions of 24 Hours or Less**

<b>Length of Interruption</b>	<b>Amount of Service To Be Credited</b>
Less than 30 minutes	None
30 minutes up to but not including 3 hours	1/10 Day
3 hours up to but not including 6 hours	1/5 Day
6 hours up to but not including 9 hours	2/5 Day
9 hours up to but not including 12 hours	3/5 Day
12 hours up to but not including 15 hours	4/5 Day
15 hours up to but not including 24 hours	One Day

**(E) Interruptions Over 24 Hours and Less Than 72 Hours**

Interruptions over 24 hours and less than 72 hours will be credited 1/5 day for each 3-hour period or fraction thereof. No more than one full day's credit will be allowed for any period of 24 hours.

**(F) Interruptions Over 72 Hours**

Interruptions over 72 hours will be credited 2 days for each full 24-hour period. No more than thirty (30) days credit will be allowed for any one month period.

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The Other Phone Company, Inc.  
d/b/a Access One Communications  
4205 Vineland Road, Suite L-15  
Orlando, Florida 32811

South Carolina Tariff No. 1  
Original Page 36

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.7 Allowances for Interruption in Service, (Cont'd.)**

**2.7.5 Reserved for Future Use**

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.8 Cancellation of Service/Termination Liability**

If a Customer cancels a service order or terminates services before the completion of the term or where the Company breaches the terms in the service contract, Customer may be requested by the Company to pay to Company termination liability charges, which are defined below. These charges shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in Section 2.6.2.

**2.8.1 Termination Liability**

Customer's termination liability for cancellation of service shall be equal to:

- (A) all unpaid nonrecurring charges reasonably expended by Company to establish service to Customer, plus;
- (B) any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus;
- (C) all recurring charges specified in the applicable Service Order for the balance of the then current term discounted at the prime rate announced in the Wall Street Journal on the third business day following the date of cancellation;
- (D) minus a reasonable allowance for costs avoided by the Company as a direct result of Customer's cancellation.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.9 Customer Liability for Unauthorized Use of the Network**

Unauthorized use of the network occurs when a person or entity that does not have actual, apparent, or implied authority to use the network, obtains the Company's services provided under this tariff.

**2.9.1 Customer Liability for Fraud and Unauthorized Use of the Network**

(A) The Customer is liable for the unauthorized use of the network obtained through the fraudulent use of a Company calling card, if such a card is offered by the Company, or an accepted credit card, provided that the unauthorized use occurs before the Company has been notified.

(B) A Company calling card is a telephone calling card issued by the Company at the Customer's request, which enables the Customer or user(s) authorized by the Customer to place calls over the Network and to have the charges for such calls billed to the Customer's account.

An accepted credit card is any credit card that a cardholder has requested or applied for and received, or has signed, used, or authorized another person to use to obtain credit. Any credit card issued as a renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.

(C) The Customer must give the Company written or oral notice that an unauthorized use of a Company calling card or an accepted credit card has occurred or may occur as a result of loss, and/or theft.

(D) The Customer is responsible for payment of all charges for calling card services furnished to the Customer or to users authorized by the Customer to use service provided under this tariff, unless due to the negligence of the Company. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by third parties, the Customer's employees, or the public.

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**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.10 Use of Customer's Service by Others**

**2.10.1 Resale and Sharing**

**SECTION 2.10.1 IS AVAILABLE ONLY TO CARRIERS WHICH ARE CERTIFIED BY  
THE SOUTH CAROLINA PUBLIC SERVICE TO PROVIDE INTRASTATE LOCAL  
EXCHANGE SERVICES**

There are no prohibitions or limitations on the resale of services. Prices for services appear in the price sheet attached to this tariff. Any service provided under this tariff may be resold to or shared with other persons at the option of Customer, subject to compliance with any applicable laws of the South Carolina Public Service Commission regulations governing such resale or sharing. The Customer remains solely responsible for all use of services ordered by it or billed to its telephone number(s) pursuant to this tariff, for determining who is authorized to use its services, and for notifying the Company of any unauthorized use.

**2.10.2 Joint Use Arrangements**

Joint use arrangements will be permitted for all services provided under this tariff. From each joint use arrangement, one member will be designated as the Customer responsible for the manner in which the joint use of the service will be allocated. The Company will accept orders to start, rearrange, relocate, or discontinue service only from the Customer. Without affecting the Customer's ultimate responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it.

**2.11 Transfers and Assignments**

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties to a) any subsidiary, parent company or affiliate of the Company; b) pursuant to any sale or transfer of substantially all the assets of the Company; or c) pursuant to any financing, merger or reorganization of the Company.

**SECTION 2.0 - RULES AND REGULATIONS, (Cont'd.)**

**2.12 Notices and Communications**

- 2.12.1** The Customer shall designate on the service order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- 2.12.2** The Company shall designate on the service order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.
- 2.12.3** Except as otherwise stated in this tariff, all notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.
- 2.12.4** The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

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### **SECTION 3.0 - SERVICE AREAS**

#### **3.1 Exchange Service Areas**

Local exchange services are provided, subject to availability of facilities and equipment, in areas currently served by the following Incumbent LECs: 1) BellSouth Telecommunications, Inc., 2) GTE, 3) Sprint-United.

#### **3.2 Rate Groups**

Charges for local services provided by the Company in certain areas may be based, in part, on the Rate Group associated with the Customers End Office. The Rate Group is determined by the total access lines and PBX trunks in the local calling area which can be reached from each End Office.

In the event that an Incumbent LEC or the South Carolina Public Service Commission reclassifies an exchange or End Office from one Rate Group to another, the reclassification will also apply to OPC Customers who purchase services under this tariff. Local calling areas and Rate Group assignments are equivalent to those areas and groups specified in BellSouth Telecommunications, Inc. South Carolina General Subscriber Service Tariff ("GSST"), GTE South Carolina Customer Services Tariff and the United Telephone Company of the Carolinas South Carolina General Subscriber Services Tariff.

##### **(A) BellSouth Rate Group Equivalents**

Rate Group	Exchange Access Lines and PBX Trunks In Local Calling Area - Upper Limit
1	0 to 7000
2	7001 to 15,000
3	15,001 to 28,500
4	28,501 to 50,000
5	50,001 to 78,000
6	78,001 to 125,000
7	125,000 up

##### **(B) GTE Rate Group Equivalents**

Rate Group	Exchange Access Lines and PBX Trunks In Local Calling Area - Upper Limit
1	0 to 6,250
2	6251 up

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**SECTION 3.0 - SERVICE AREAS (Cont'd.)**

**3.2 Rate Groups (Cont'd.)**

**(C) Sprint/United Rate Group Equivalents**

Rate Group	Exchange Access Lines and PBX Trunks In Local Calling Area - Upper Limit
1	0 to 6,250
2	6251 to 45,000
3	45,001 up

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**SECTION 4.0 - SERVICE CHARGES AND SURCHARGES**

**4.1 Service Order and Change Charges**

Nonrecurring charges apply to processing Service Orders for new service, for changes in service, and for changes in the Customer's primary interexchange carrier (PIC) code.

**4.1.1 In BellSouth Service Areas**

	<u>Residence</u>	<u>Business</u>
Line Connection Charge		
First Line	\$40.00	\$64.00
Each Additional Line	\$18.00	\$26.00
Line Change Charge		
First Line	\$22.50	\$25.00
Each Additional Line	\$12.00	\$ 9.00
Secondary Service Order Charge	\$ 5.25	\$10.00
Premise Work Charge		
First 15 minutes	\$22.00	\$23.00
Premise Work Charge, Additional 15 minutes, or fraction thereof	\$11.00	\$11.00

**4.1.2 In GTE Service Areas**

	<u>Residence</u>	<u>Business</u>
Line Connection Charge		
First Line	\$24.00	\$28.00
Each Additional Line	\$24.00	\$28.00
Line Change Charge		
First Line	\$10.00	\$14.00
Each Additional Line	\$10.00	\$14.00
Premise Visit - New Installs*	\$25.00	\$25.00
Premise Work Charge		
First 15 minutes	\$15.00	\$15.00
Premise Work Charge, Additional 15 minutes, or fraction thereof	\$10.00	\$10.00
Central Office Line Connection, each	\$20.00	\$26.00

\* A charge of one-half applies to Customers eligible under the Link-Up South Carolina Program, subject to a maximum reduction of \$30.00 of the total applicable Services Charges.

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**SECTION 4.0 - SERVICE CHARGES AND SURCHARGES, (Cont'd.)**

**4.1 Service Order and Change Charges, (Cont'd.)**

**4.1.3 In Sprint/United Service Areas**

	<u>Residence*</u>	<u>Business*</u>
Service Order Charge		
Primary	\$19.15	\$21.10
Secondary	\$13.30	\$14.70
Record Order	\$ 3.45	\$ 3.80
Line Connection Charge		
Central Office	\$13.15	\$14.50
Field	\$12.90	\$14.20
Number Change	\$20.35	\$22.40

\*When the service desired requires more than one access line, the sum of the separate charges for each function applies except as provided in this tariff. Only one Service Ordering Charge applies per order written regardless of the quantity of work ordered.

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**SECTION 4.0 - SERVICE CHARGES AND SURCHARGES, (Cont'd.)**

**4.2 Maintenance Visit Charges**

Maintenance Visit Charges apply when the Company dispatches personnel to a Customer's premises to perform work necessary for installing new service, effecting changes in service or resolving troubles reported by the Customer when the trouble is found to be caused by the Customer's facilities.

Maintenance Visit Charges will be credited to the Customer's account in the event trouble is not found in the Company facilities, but the trouble is later determined to be in those facilities.

The time period for which the Maintenance Visit Charges is applied will commence when Company personnel are dispatched at the Customer premises and end when work is completed. The rates for Maintenance of Service vary by time per Customer request.

**4.2.1 In BellSouth Service Areas**

Duration of time, per technician

	<u>Residence</u>	<u>Business</u>
Initial 15 minute increment	\$22.00	\$23.00
Each Additional 15 minute increment	\$11.00	\$11.00

**4.2.2 In GTE Service Areas**

Duration of time, per technician

	<u>Residence</u>	<u>Business</u>
Initial 15 minute increment	\$15.00	\$15.00
Each Additional 15 minute increment	\$10.00	\$10.00

**4.2.3 In Sprint/United Service Areas**

Duration of time, per technician

	<u>Residence</u>	<u>Business</u>
Each hour or fraction thereof	\$40.00	\$40.00

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**SECTION 4.0 - SERVICE CHARGES AND SURCHARGES, (Cont'd.)**

**4.3 Restoration of Service**

A restoration charge applies to the restoration of suspended service and facilities because of nonpayment of bills and is payable at the time that the restoration of the suspended service and facilities is arranged. The restoration charge does not apply when, after disconnection of service, service is later re-installed.

**4.3.1 In BellSouth Service Areas**

	<u>Residence</u>	<u>Business</u>
Per occasion	\$22.50	\$25.00

**4.3.2 In GTE Service Areas**

	<u>Residence</u>	<u>Business</u>
Per occasion	\$25.00	\$25.00

**4.3.3 In Sprint/United Service Areas**

	<u>Residence</u>	<u>Business</u>
Per occasion	\$25.50	\$29.50

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## **SECTION 5.0 - NETWORK SERVICES DESCRIPTIONS**

### **5.1 General**

#### **5.1.1 Services Offered**

The following Network Services are available to residence/business Customers and for resale by other carriers certificated by the South Carolina Public Service Commission:

Standard Residence Line Service  
Standard Business Line Service  
PBX Trunk Service  
Digital Voice Grade DS-1 Trunk Service  
Direct Inward Dial (DID) Service  
Optional Calling Features  
IntraLATA Toll Services (see The Other Phone Company, Inc. SC Tariff No. (1))

The following services are available to residence/business Customers and are not offered on a resale basis as of the effective date of this page.

Listing Services (including Nonpublished and Nonlisted Services)  
Directory Assistance  
Operator Services

#### **5.1.2 Application of Rates and Charges**

All services offered in this tariff are subject to service order and change charges where the Customer requests new services or changes in existing services, as well as indicated Nonrecurring and Monthly Recurring Charges. Charges for local calling services may be assessed on a measured rate basis and are additional to monthly recurring charges shown for the associated local line services.

**SECTION 5.0 - NETWORK SERVICES DESCRIPTIONS, (Cont'd.)**

**5.1 General, (Cont'd.)**

**5.1.3 Emergency Services Calling Plan**

Access (at no additional charge) to the local operator or emergency services bureau by dialing 0- or 9-1-1 is offered at no charge to the Customer.

Message toll telephone calls, to governmental emergency service agencies as set forth in (A) following, having primary or principal responsibility with respect to the provision of emergency services to persons and property in the area from which the call is made, meeting the definition and criteria of an emergency call as set forth in (B) following are offered at no charge to Customers:

- (A) Governmental fire fighting, South Carolina State Highway Patrol, police, and emergency squad service (as designated by the appropriate governmental agency) qualify as governmental emergency service agencies provided they answer emergency service calls on a personally attended (live) twenty-four (24) hour basis, three hundred sixty-five (365) days a year, including holidays.
- (B) An emergency is an occurrence or set of circumstances in which conditions pose immediate threat to human life, property, or both and necessitate that prompt action be taken. An emergency call is an originated call of short duration to a governmental emergency services agency in order to seek assistance for such an emergency.

**SECTION 5.0 - NETWORK SERVICES DESCRIPTIONS, (Cont'd.)**

**5.2 Call Timing for Usage Sensitive Services**

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply:

- 5.2.1** Calls are measured in durational increments identified for each service. All calls which are fractions of a measurement increment are rounded-up to the next whole unit.
- 5.2.2** Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s).
- 5.2.3** Timing terminates on all calls when the calling party hangs up or the Company's network receives an off-hook signal from the terminating carrier.
- 5.2.4** Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.
- 5.2.5** All times refer to local time.

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**SECTION 5.0 - NETWORK SERVICES DESCRIPTIONS, (Cont'd.)**

**5.3 Distance Calculations**

Where charges for a service are specified based upon distance, the following rules apply:

**5.3.1** Distance between two points is measured as airline distance between the rate centers of the originating and terminating telephone lines. The rate center is a set of geographic coordinates, as referenced in Local Exchange Routing Guide issued by Bellcore, associated with each NPA-NXX combination (where NPA is the area code and NXX is the first three digits of a seven-digit telephone number). Where there is no telephone number associated with an access line on the Company's network (such as a dedicated 800 or WATS access line), the Company will apply the rate center of the Customer's main billing telephone number.

**5.3.2** The airline distance between any two rate centers is determined as follows:

Step 1: Obtain the "V" (vertical) and "H" (horizontal) coordinates for each Rate Center from the above-referenced Bellcore document.

Step 2: Compute the difference between the "V" coordinates of the two rate centers; and the difference between the two "H" coordinates.

Step 3: Square each difference obtained in step (b) above.

Step 4: Add the square of the "V" difference and the square of the "H" difference obtained in step C) above.

Step 5: Divide the sum of the squares by 10. Round to the next higher whole number if any fraction is obtained.

Step 6: Obtain the square root of the whole number result obtained above. Round to the next higher whole number if any fraction is obtained. This is the airline mileage.

**5.3.3** The formula for distance calculations is:

$$\sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

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